

SWARTLAND MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2014/2015 TO 2016/2017



**Munisipaliteit
Municipality
Umasipala**

ANNUAL BUDGET OF

SWARTLAND

MUNICIPALITY

2014/15 TO 2016/17

MEDIUM TERM REVENUE AND

EXPENDITURE FORECASTS

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Table of Contents

PART 1 – ANNUAL BUDGET	1
1.1 MAYOR'S REPORT	1
1.2 COUNCIL RESOLUTIONS	1
1.3 EXECUTIVE SUMMARY	1
1.4 OPERATING REVENUE FRAMEWORK.....	9
1.5 OPERATING EXPENDITURE FRAMEWORK.....	23
1.6 CAPITAL EXPENDITURE	30
1.7 ANNUAL BUDGET TABLES.....	32
PART 2 – SUPPORTING DOCUMENTATION	51
1.8 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	51
1.9 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	53
1.10 OVERVIEW OF BUDGET RELATED-POLICIES.....	62
1.11 OVERVIEW OF BUDGET ASSUMPTIONS	65
1.12 OVERVIEW OF BUDGET FUNDING	68
1.13 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	76
1.14 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY.....	78
1.15 COUNCILOR AND EMPLOYEE BENEFITS	79
1.16 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....	81
1.17 EXTERNAL MECHANISMS	88
1.18 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	88
1.19 CAPITAL EXPENDITURE DETAILS	88
1.20 LEGISLATION COMPLIANCE STATUS.....	93
1.21 OTHER SUPPORTING DOCUMENTS.....	94
1.22 MANAGER'S QUALITY CERTIFICATE.....	95

Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report

Will be inserted after being tabled to council.

1.2 Council Resolutions

Will be inserted after being approved by council.

1.3 Executive Summary

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan.

National Treasury's MFMA Circular No. 70 was mainly used to guide the compilation of the 2014/15 MTREF. The Medium Term Budget Policy Statement (MTBPS) 2013 notes that over the past four and a half years government has steered the country through the worst global recession in 70 years and that the South African economy is projected to grow by 2.1 per cent in 2013 while the GDP growth is expected to reach 3.5 per cent by 2016.

The key directions provided by the National Treasury are that municipal revenues and cash flows are expected to remain under pressure in 2014/2015 and therefore municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts. Municipalities will further have to carefully consider the affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. In generating capacity for spending on key municipal infrastructure, municipalities will have to identify inefficiencies and eliminate non-priority spending.

Specific strategies and interventions required by local government in achieving economic stability and higher levels of growth as outlined in the MTBPS include, among others:

- 1) Expanding public sector investment in infrastructure;
- 2) Sustainable job creation;
- 3) Municipalities must act as catalysts for economic growth;
- 4) Securing inclusive growth;
- 5) Implementing the National Development Plan; and
- 6) Building an efficient developmental state.

In addressing the key considerations contained in National Treasury's MFMA Circular No. 70 the following are highlighted in the budget.

- The municipality, through its budget, acknowledges that the capital program needs a balanced funding structure addressing not only backlogs in services, but also invests in new infrastructure as well as renewing current infrastructure.
- Tariff increases were kept as low as possible to ensure affordability thereof, whilst keeping in mind the cost of delivering services of a high quality.
- The municipality recognizes the importance of cash reserves and therefore strives to maintain a cost coverage ratio of 4 at all times.
- The municipality contributes to job creation by participating fully in the Expanded Public Works Program (EPWP) as well as internship programs.
- The municipality gives priority to a lean, integrated, stable and corruption free organisation.

The following Strategic Outcomes, Major risks and Outputs were identified and approved by Council on 12 February 2014.

Strategic outcomes	Major risks	Outputs
1 A financially sustainable municipality with well maintained assets	1.1 If there is insufficient revenue to meet the demand for services	1.1 Secured and increased sources of income
		1.2 Affordable and well managed budget
	1.2 If services are expensive and unaffordable	1.3 Well managed and maintained assets
2 Satisfied, involved and well informed clients	2.1 If clients are unsatisfied / uninvolved / uninformed	2.1 Prompt, courteous and responsive service that is sensitive to the needs/concerns of the public and respectful of individual rights
		2.2 External and internal clients that are well informed on municipal matters
		2.3 Citizens that are actively participating in municipal decision-making
3 An effective, efficient, motivated and appropriately skilled work force	3.1 If there is a lack of appropriately skilled and productive staff	3.1 A motivated, productive work force pursuing Swartland Municipality's vision, mission, philosophy and values
	3.2 If the working environment is unsafe and unhealthy	3.2 A well trained and appropriately skilled work force, striving towards service excellence
		3.3 A safe and healthy working environment
4 Access to affordable and reliable municipal infrastructure	4.1 If infrastructure is ageing and poorly maintained which can result in a collapse in services	4.1 Sufficient capacity in respect of
	4.2 If there is a lack of capacity in respect of infrastructure	4.2 Affordable municipal infrastructure
		4.3 Reliable, safe and well operated and maintained municipal infrastructure
5 Sustainable development of the municipal area (with special emphasis on previously neglected areas)	5.1 If there is an imbalance between the three pillars of sustainable development i.e. environment, economy and people	5.1 Social development that improves people's quality of life
		5.2 Sound management of the urban and rural environment
		5.3 Economic growth that benefits all
6 A lean, integrated, stable and corruption free organisation	6.1 If there is a lack of good governance	6.1 Improved organisational focus and performance
	6.2 If management - and IT systems are inadequate	6.2 Improved organisational control environment
		6.3 Sound work ethics
		6.4 An effective, efficient and well-disciplined institution with sustainable capacity
		6.5 Relevant and efficient IT service and infrastructure
7 Increased community safety through traffic policing, by-law enforcement and disaster management	7.1 If there is a decrease in law compliance	7.1 Increase in law compliance
	7.2 If we are insufficiently prepared for disasters	7.2 Strengthening of fire fighting service
		7.3 Effective disaster recovery

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF (R'000)

R thousand	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
	2013/14	2014/15	2015/16	2016/17
Total Operating Revenue	429 715	436 136	469 277	504 066
Total Operating Expenditure	484 411	496 232	536 814	579 300
Surplus/(Deficit)	(54 695)	(60 096)	(67 537)	(75 234)
Total Capital Revenue Recognised	50 322	29 166	33 805	26 638
Surplus/(Deficit) for the year	(4 373)	(30 930)	(33 732)	(48 596)

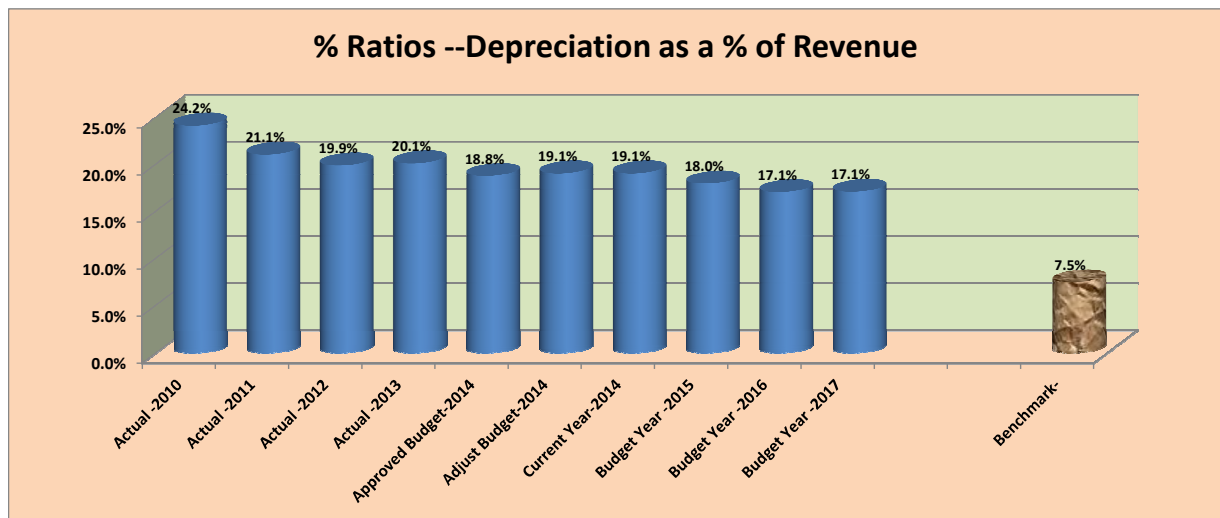
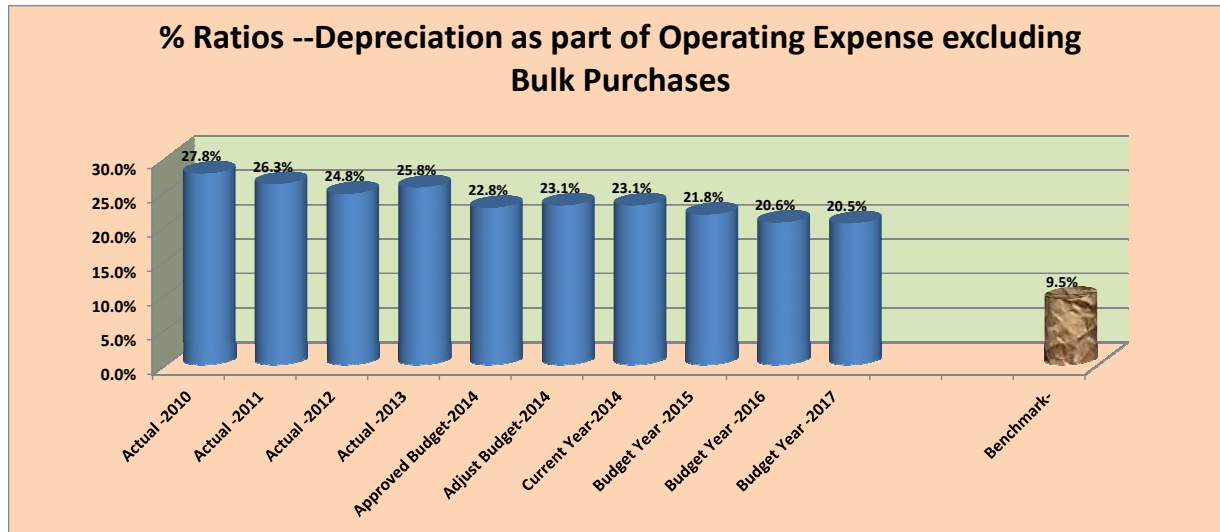
Total operating revenue has grown by 1.49 per cent or 6.421 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 7.60 and 7.41 per cent respectively, equating to a total revenue growth of R74.351 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R496.232 million and translates into a budgeted deficit of R60.096 million before capital transfers. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 2.44 per cent in the 2014/15 budget and by 8.18 and 7.91 per cent for each of the respective outer years of the MTREF. The operating deficit, before capital grant transfers, for the two outer years increases to R67.537 million and R75.234 million respectively.

We should however appreciate the fact that a large contributor to the significant deficit remains to be the depreciation charges recognised annually. This inflated depreciation charges are mainly as a result of the deemed cost approach (in terms of Directive 7) applied by the municipality when the infrastructure assets were unbundled, as well as the significant capital program employed by the municipality in recent years.

Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Depreciation & asset impairment	64 935	66 496	74 993	74 104	74 826	76 645	78 777	84 808
Surplus/(Deficit)	(25 703)	(33 899)	(26 804)	(54 901)	(54 695)	(60 096)	(67 537)	(75 234)

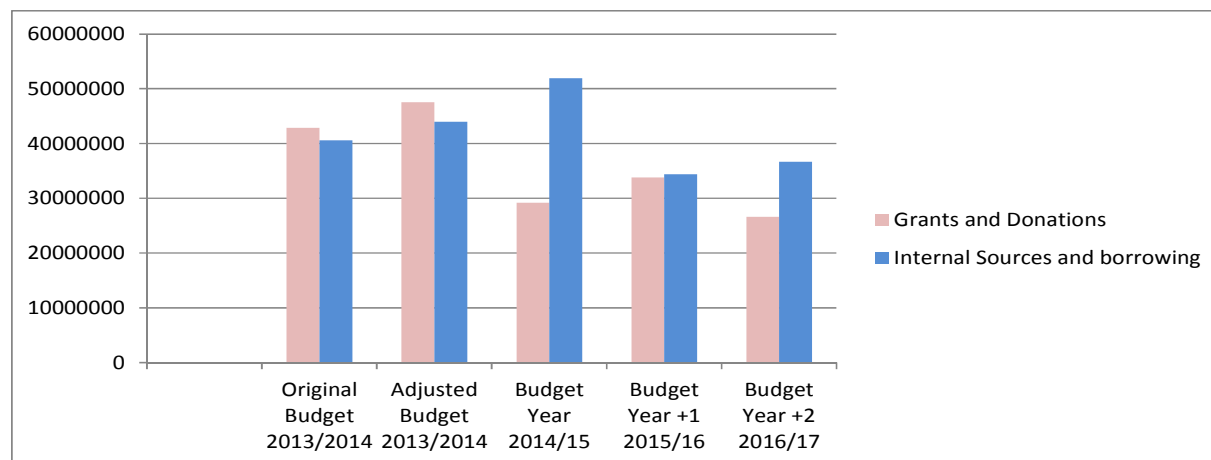
The following graphs also depict the inflated depreciation charge when compared to the benchmark set between the various municipalities in the Western Cape



The municipality remains committed to a large capital program with a significant portion funded by internally generated funds.

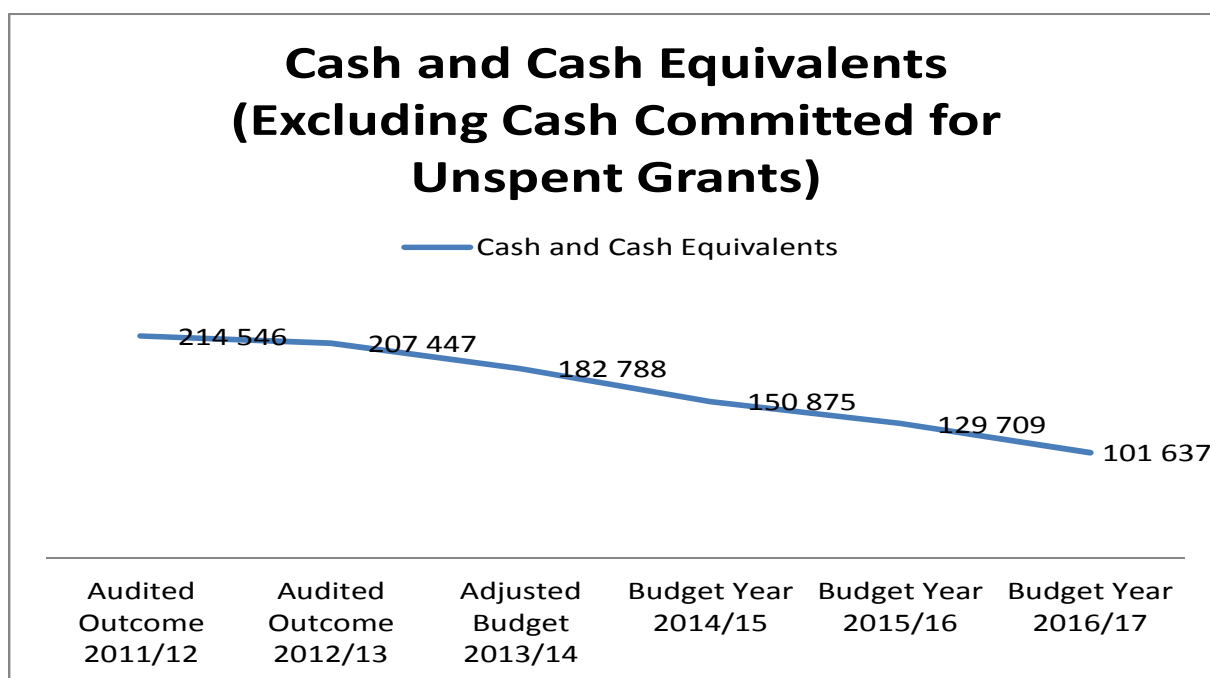
Vote Description R thousand	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Original Budget 2013/2014	Adjusted Budget 2013/2014	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Total Capital Expenditure	83 480	91 531	81 074	68 210	63 339
Funded by:					
National Government	22 395	22 395	23 918	26 872	26 638
Provincial Government	19 623	22 197	3 748	5 433	–
District Municipality	–	–	–	–	–
Other transfers and grants	850	955	–	–	–
Transfers recognised - capital	42 868	45 547	27 666	32 305	26 638
Public contributions & donations	–	2 000	1 500	1 500	–
Borrowing	8 949	–	–	–	–
Internally generated funds	31 663	43 983	51 908	34 405	36 701
Total Capital Funding	83 480	91 531	81 074	68 210	63 339

The capital budget of R81.074 million for 2014/15 is R 10.457 million (11.42 per cent) less when compared to the 2013/14 Adjustment Budget. This decrease is mainly the result of a decrease in grant and donation funding amounting to R 18,381 million (38.66 per cent decrease, mainly as a result of a decrease in provincial funding relating to housing), partially offset by an increase in internally generated funds amounting to R7.924 million (18.02 per cent). The fluctuations in capital expenditure from internal and external sources are depicted below. It is furthermore evident that in the entire MTREF more than 50% of the proposed capital program is funded from internally generated funds.

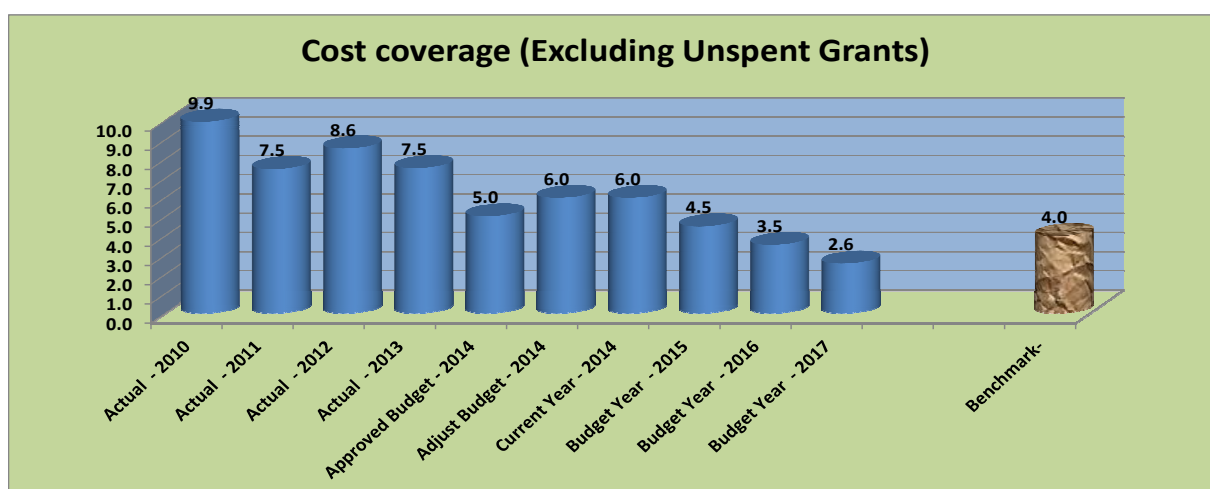


The municipality should be mindful of the fact that the large capital program, especially from internally generated funds, places enormous pressure on the accumulated cash reserves of the Swartland Municipality. This could significantly impact on the long term sustainability of the entity.

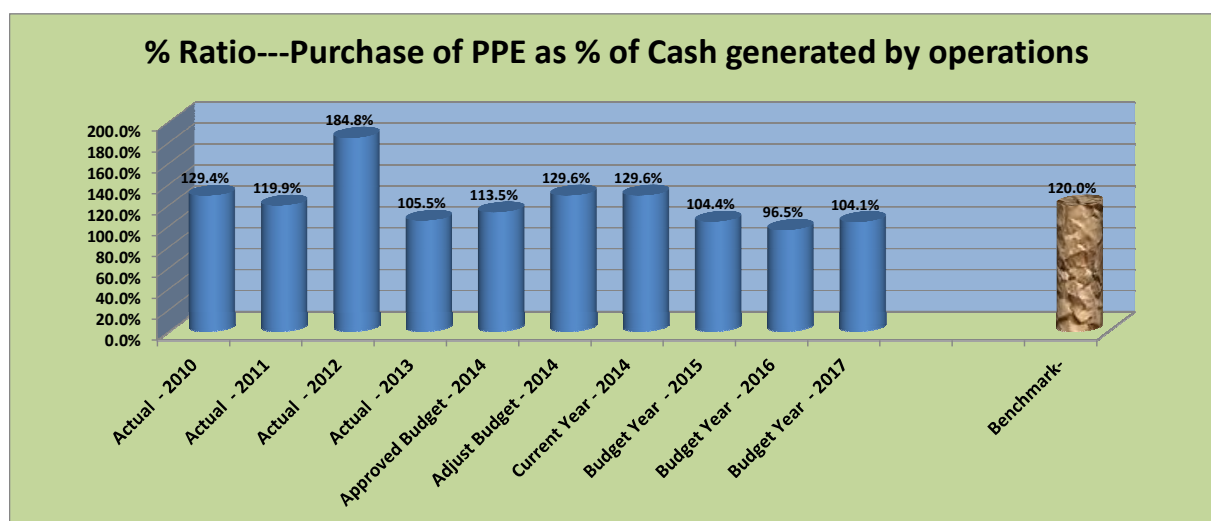
A projected decline in cash resources is evident through the implementation of the current proposed budget (R'000). (The cash position excludes cash balances committed for unspent grants)



This decline in cash will further result in the municipality not reaching its cost coverage ratio of 4 over the entire MTREF.



As a rule of thumb, capital expenditure should not exceed the cash generated by operations (including capital transfers) in order to maintain cash reserves. The figure remains relatively close to the 100% figure over the MTREF. However, taking into account the significant unspent grant figure budgeted for over the MTREF, this ratio will once again be well in excess of the 120% benchmark. (The benchmark for the municipalities is set at 120%. This figure is higher than 100% due to the fact that municipalities are encouraged to finance long term infrastructure projects through external funding to ensure that the user of the respective infrastructure project pays for the use thereof).

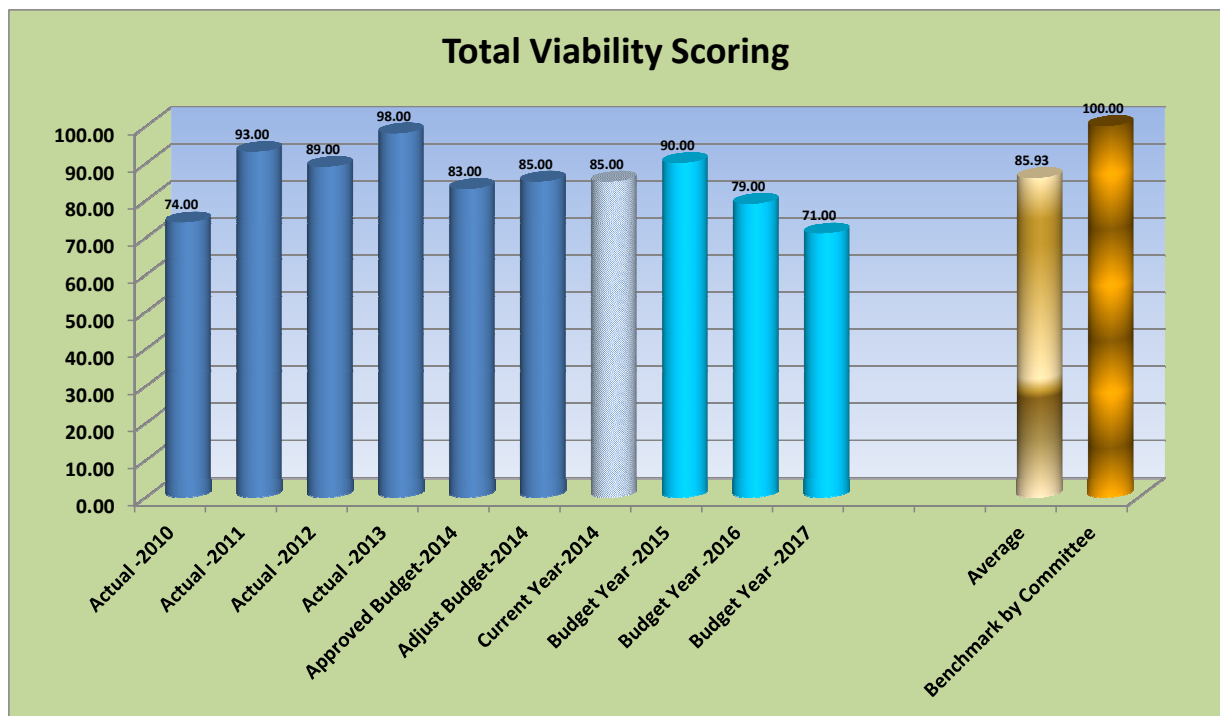


The municipality reviews its viability ratios on a continuous basis to ensure that all approved budgets support the long term financial viability of Swartland Municipality.

The ratios include the following (with the negative indicators already discussed above).

1) Asset Test Ratio
2) Payment Level (Excluding write-off of bad debts)
3) Cash Generated from Operations as % of Revenue
4) Purchase of PPE as % of Cash Generated
5) Cost Coverage (Excluding Unspent Grants)
6) Debtors Turnover (days) (Before impairment)
7) Long-term debt as % of Revenue
8) Debt servicing cost to Revenue
9) Short-term debt as % of Cash
10) Cash Funded Budget over MTREF

As depicted below, the viability scoring of the municipality is on the decline and various measures should be put in place to ensure that the scoring is increased to a level closer to the 100 benchmark. **This budget indicates that the municipality's financial viability is declining from one of the leading municipalities in the Western Cape to below the average.** During a strategic session held in 2010/2011 the municipality resolved to "stabilise" the cashflow position and budget accordingly. However, this seems unattainable and alternative strategies needs to be put in place to ensure achieving this goal.



1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) "An annual budget may only be funded from –
 - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
 - (b) Cash-backed accumulated funds from previous financial years' surpluses not committed for other purposes; and
 - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous years."

In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2014/15	2015/16	2016/17
Revenue By Source								
Property rates	56 630	60 256	67 353	69 020	69 020	75 587	80 091	85 250
Service charges - electricity revenue	124 539	147 895	165 045	178 645	176 927	189 053	200 049	212 657
Service charges - water revenue	25 671	28 375	31 061	33 265	33 191	34 803	36 775	38 797
Service charges - sanitation revenue	16 725	19 797	22 979	24 844	24 747	26 837	30 988	35 753
Service charges - refuse revenue	12 599	14 603	18 478	19 215	19 203	20 210	21 536	22 842
Rental of facilities and equipment	2 405	2 915	2 902	3 088	3 088	3 252	3 444	3 586
Interest earned - external investments	11 326	10 609	9 917	10 820	10 820	9 894	8 900	7 481
Interest earned - outstanding debtors	1 178	1 292	1 455	1 276	1 276	1 340	1 407	1 477
Fines	5 052	3 285	2 948	4 039	4 039	4 041	4 042	4 043
Licences and permits	2 713	2 864	3 225	3 007	3 007	3 157	3 315	3 481
Agency services	2 301	2 412	2 496	2 539	2 539	2 666	2 799	2 939
Transfers recognised - operational	40 026	39 749	40 483	53 629	70 038	53 427	63 805	73 292
Other revenue	15 965	16 088	13 852	11 621	11 621	11 670	11 956	12 267
Gains on disposal of PPE	6 287	379	2 307	200	200	200	200	200
Total Revenue (excluding capital transfers and contributions)	323 417	350 517	384 501	415 207	429 715	436 136	469 277	504 066

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Table 3 Summary of revenue classified by municipal vote

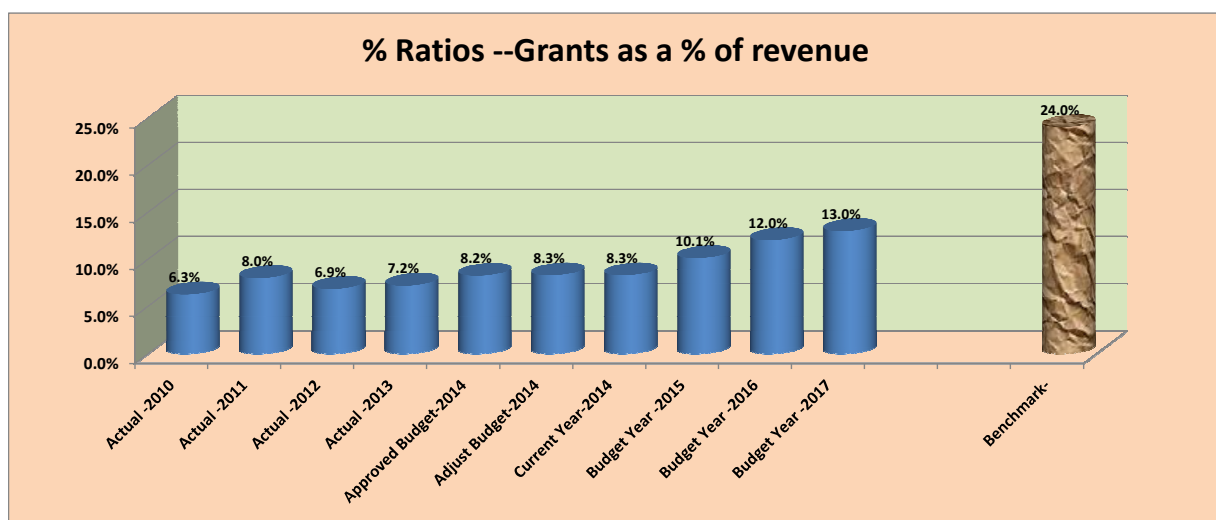
Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote								
Vote 1 - Corporate Services	1 408	6 488	5 609	6 134	6 134	6 899	6 993	7 421
Vote 2 - Civil Services	67 244	87 097	97 878	103 222	103 040	112 288	120 444	131 285
Vote 3 - Council	52	158	34 831	59 866	83 673	33 761	38 968	32 038
Vote 4 - Electricity Services	125 291	149 874	166 838	180 514	178 796	191 178	202 467	215 392
Vote 5 - Financial Services	150 626	110 838	91 023	93 466	93 522	106 070	119 311	129 126
Vote 6 - Development Services	3 891	4 020	4 465	4 487	4 487	4 699	4 705	4 939
Vote 7 - Municipal Manager	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	10 291	8 861	8 963	10 386	10 386	10 406	10 194	10 503
Total Revenue by Vote	358 802	367 337	409 606	458 075	480 038	465 302	503 082	530 704

Table 4 Percentage growth in revenue base by main revenue source

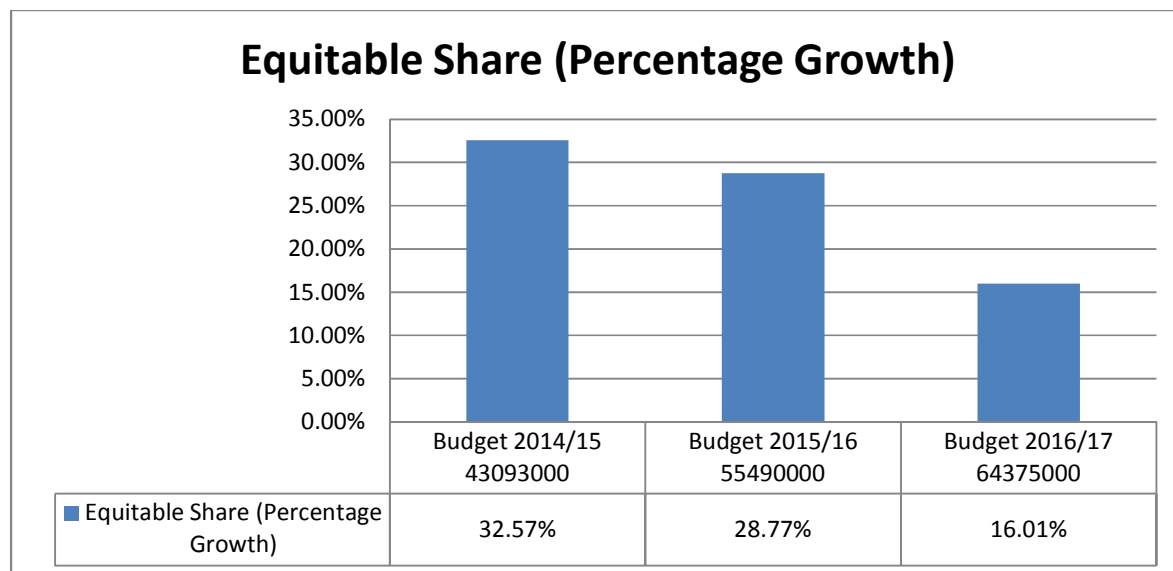
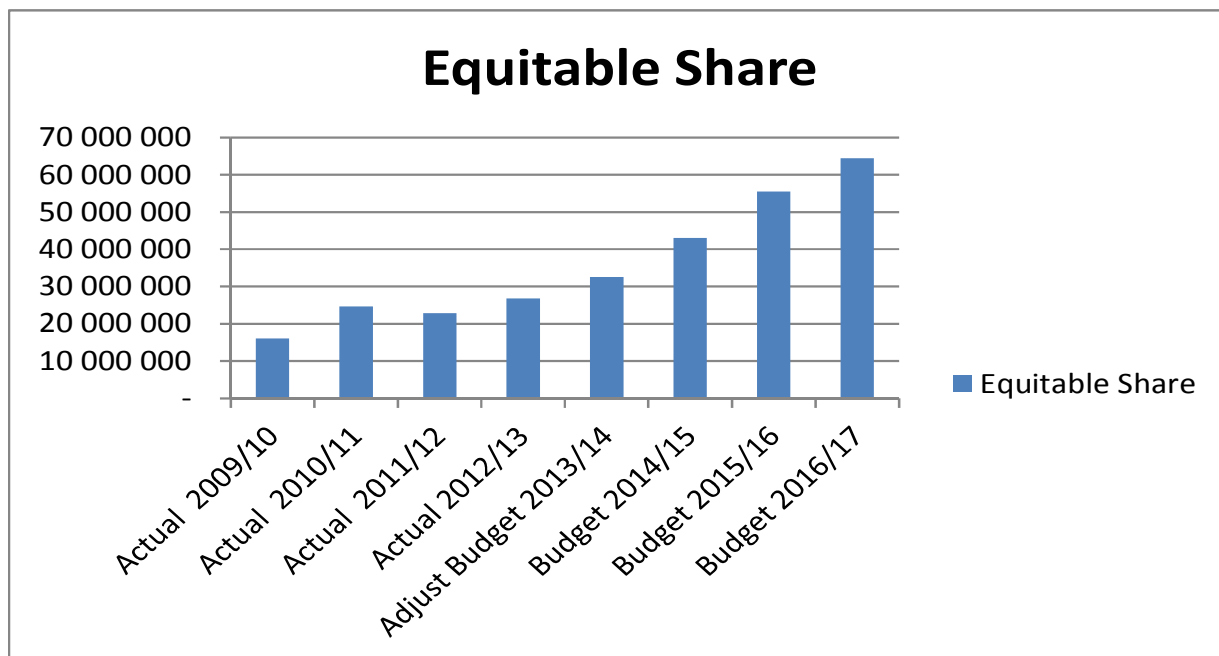
Description R thousand	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted		Budget Year		Budget Year		Budget Year	
	Budget	%	2014/15	%	2015/16	%	2016/17	%
Revenue By Source								
Property rates	69 020	16.1%	75 587	17.3%	80 091	17.1%	85 250	16.9%
Service charges - electricity revenue	176 927	41.2%	189 053	43.3%	200 049	42.6%	212 657	42.2%
Service charges - water revenue	33 191	7.7%	34 803	8.0%	36 775	7.8%	38 797	7.7%
Service charges - sanitation revenue	24 747	5.8%	26 837	6.2%	30 988	6.6%	35 753	7.1%
Service charges - refuse revenue	19 203	4.5%	20 210	4.6%	21 536	4.6%	22 842	4.5%
Rental of facilities and equipment	3 088	0.7%	3 252	0.7%	3 414	0.7%	3 586	0.7%
Interest earned - external investments	10 820	2.5%	9 894	2.3%	8 900	1.9%	7 481	1.5%
Interest earned - outstanding debtors	1276	0.3%	1340	0.3%	1407	0.3%	1477	0.3%
Fines	4 039	0.9%	4 041	0.9%	4 042	0.9%	4 043	0.8%
Licences and permits	3 007	0.7%	3 157	0.7%	3 315	0.7%	3 481	0.7%
Agency services	2 539	0.6%	2 666	0.6%	2 799	0.6%	2 939	0.6%
Transfers recognised - operational	70 038	16.3%	53 427	12.3%	63 805	13.6%	73 292	14.5%
Other revenue	11 621	2.7%	11 670	2.7%	11 956	2.5%	12 267	2.4%
Gains on disposal of PPE	200	0.0%	200	0.0%	200	0.0%	200	0.0%
Total Revenue (excluding capital transfers and contributions)	429 715	100%	436 136	100%	469 277	100%	504 066	100%
Total Revenue from Rates and Service Charges	323 088	75.2%	346 490	79.4%	369 439	78.7%	395 299	78.4%

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise between 75 and 80 percent of the total revenue mix. In the 2013/14 financial year, revenue from rates and services charges amounts to R323.088 million or 75.2 per cent of total revenue mix. This increases to an estimated R346.490 million (79.4%), R369.439 million (78.7%) and R395.299 million (78.4%) in the respective financial years of the MTREF.

The municipality remains highly dependent on internal revenue sources to fund the budget and for that reason one of the goals set out in the IDP is to secure and increase sources of income. One of the reasons for this situation is that the municipality's revenue from grants is well below the average or benchmark for municipalities in the Western Cape.



Operating grants and transfers totals R53.427 million in the 2014/2015 financial year and increases to R73.292 million by 2016/2017. Operating grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependent on the funding made available from the other spheres of Government. The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. After the tabling of the National DORA during February 2013, Swartland learned that it would receive additional Equitable Share funding as a result of the revision of the formula and the publication of the latest Census data.



The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4a Operating Transfers and Grant Receipts

Description R thousand	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:					
Operating expenditure of Transfers and Grants					
National Government:	35 696	35 724	46 690	57 957	67 093
Local Government Equitable Share	32 506	32 506	43 093	55 490	64 375
Municipal Systems Improvement	890	918	934	967	1 018
Finance Management	1 300	1 300	1 450	1 500	1 700
EPWP Incentive	1 000	1 000	1 213	–	–
Provincial Government:	17 933	34 109	6 597	5 848	6 199
Community Development Workers	28	37	–	–	–
Housing	12 750	28 283	–	–	–
Libraries	4 759	4 759	5 319	5 848	6 199
Proclaimed Roads Subsidy	178	178	1 060	–	–
Housing Consumer Education Grant	–	20	–	–	–
Financial Management Support Grant	–	558	–	–	–
Performance Management	–	56	–	–	–
Ilinge Lethu Centre	218	218	218	–	–
Other grant providers:	–	205	140	–	–
<i>Cleanest Town</i>	–	81	–	–	–
<i>Disaster Fund</i>	–	124	140	–	–
Total operating expenditure of Transfers and Grants	53 629	70 038	53 427	63 805	73 292

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper limit of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom (8.06%) for electricity and the West Coast District Municipality (12.63%) for water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and water tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. A recovery rate of approximately 95% is factored into the MTREF period.

The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R100 000;
- For pensioners and disabled persons, in terms of the Council's Tariff Policy, an additional total rebate of the rates payable on a R200 000 valuation of the property will be granted to owners of rate-able property if such person becomes 65 in the financial year.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based are as follows:

Table 5 Comparison of proposed rates to be levied for the 2014/15 financial year

Rates	2013/2014	2014/2015	2015/2016	2016/2017
Grottoabaai @ 25% of Residential Household	R 0.001433	R 0.001490	R 0.001550	R 0.001612
Jakkalsfontein @ 25% of Residential Household	R 0.001433	R 0.001490	R 0.001550	R 0.001612
Peri Urban Areas @ 24% of Residential Household	R 0.001376	R 0.001431	R 0.001488	R 0.001547
Business Standard Rate	R 0.006666	R 0.007066	R 0.007490	R 0.007939
Residential Household	R 0.005732	R 0.005961	R 0.006200	R 0.006448
Businesses in Peri Urban Areas 100% - 2009	R 0.006666	R 0.007066	R 0.007490	R 0.007939
Government properties	R 0.006666	R 0.007066	R 0.007490	R 0.007939
Pensioners @ 60% of standard rate - condition apply	R 0.003439	R 0.003577	R 0.003720	R 0.003869
% DIFFERENCE BETWEEN BUSINESS AND RESIDENTIAL	16.29%	18.54%	20.81%	23.12%

All rates were increased by 4% over the MTREF with the exception of business and government properties increasing by 6%. These increases are within the 6.0 per cent upper limit of the South African Reserve Bank's inflation target.

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

The municipality obtains water from the West Coast District Municipality (WCDM). The WCDM indicated that the water tariffs will increase by 12.63%. Based on the affordability exercise performed by the municipality, it is not possible to pass these excessive increases on to the consumer, as this will be counterproductive and lead to an increase in bad debts. The water service is currently being operated at a loss and from the below it is clear that this trend will continue over the MTREF.

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote								
Water Distribution	27 156	32 400	35 281	37 367	37 294	39 418	42 096	44 969
Expenditure by Vote								
Water Distribution	37 411	38 947	41 814	44 449	45 024	46 278	50 645	56 653
Deficit for the year	(10 255)	(6 547)	(6 533)	(7 082)	(7 731)	(6 860)	(8 548)	(11 684)

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

Water	2013/2014	2014/2015	2015/2016	2016/2017
Huishold Free 6 kl	R -	R -	R -	R -
Huishold 7 to 30 Kl.	R 8.68	R 9.29	R 9.94	R 10.63
Huishold. 31 to 60 Kl.	R 11.95	R 12.79	R 13.68	R 14.64
Huishold. 61 and more	R 18.50	R 19.80	R 21.18	R 22.66
Huishold Free 10 kl (Indigent)	R -	R -	R -	R -
Business	R 10.43	R 11.16	R 11.94	R 12.78
Sport Clubs	R 10.43	R 11.16	R 11.94	R 12.78
Farms Business	R 10.43	R 11.16	R 11.94	R 12.78
Departemental water consumption	R 8.68	R 9.29	R 9.94	R 10.63
Farm Huishold Free 6 kl	R -	R -	R -	R -
Farm Huishold 7 to 30 Kl.	R 8.68	R 9.29	R 9.94	R 10.63
Farm Huishold. 31 to 60 Kl.	R 11.95	R 12.79	R 13.68	R 14.64
Farm Huishold. 61 and more	R 18.50	R 19.80	R 21.18	R 22.66

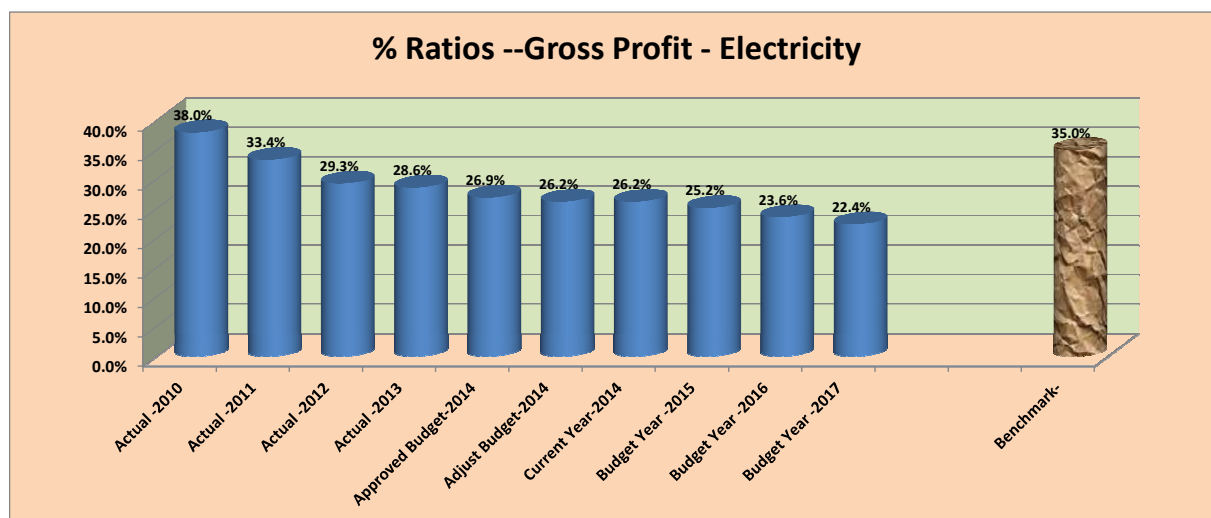
A proposed increase of 7 per cent on all tariffs is factored into the MTREF. This increase is above the 6 per cent upper boundary of the South African Reserve Bank's inflation target. However, this increase is required due to the fact that the service is currently being operated at a loss.

The tariff structure of the 2014/15 financial year has not been changed. Currently the municipality is investigating new tariff structures specifically for water. Although this process is still in its initial phase, the goal is to implement a revised tariff structure during the 2015/16 budget to ensure that the gap between the cost of providing water and the revenue derived from the service reduces to a point where the service becomes cost reflective.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A nominal rate increase of 8.06 per cent was proposed to municipalities and will be effective from 1 July 2014.

Electricity is regarded as a trading account which should make a profit. From the graph below it is clearly evident that the gross profit margin has been placed under pressure due to the inability of the municipality to pass all bulk tariff increases on to the consumer.



Although the service is still operating at a surplus over the MTREF, the downward trend in the net profit margin below is quite evident (with the net profit percentage decreasing from 12.99 per cent in 2010/2011 to a projected 5.37 per cent in 2016/2017).

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote								
Electricity Services	125 291	149 874	166 836	180 514	178 796	191 178	202 467	215 392
Expenditure by Vote								
Electricity Services	109 019	133 181	146 548	161 662	161 998	175 831	189 171	203 835
Surplus for the year	16 272	16 693	20 289	18 852	16 797	15 346	13 297	11 557
Net Profit Margin								
	12.99%	11.14%	12.16%	10.44%	9.39%	8.03%	6.57%	5.37%

With the proposed increases in tariffs relating to electricity largely beyond the control of the municipality, measures should be put in place to curb expenditure and electricity losses to ensure the service remains profitable in the foreseeable future. Electricity losses during 2012/2013 were estimated at 8.6 percent and it is anticipated that this figure will decrease to 5.81 per cent over the MTREF.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:

Comparison between current electricity charges and increases

Electricity	2013/2014	2014/2015	2015/2016	2016/2017
Households and Farming Consumers Basic	R 126.3764	R 135.7156	R 145.2157	R 155.8165
Households and Farming Consumers per kWh:-				
(0-50kWh)	R 0.6963	R 0.7400	R 0.7829	R 0.8307
(51-350kWh)	R 0.8733	R 0.9301	R 0.9952	R 1.0678
(351-600kWh)	R 1.1663	R 1.2600	R 1.3482	R 1.4466
(>600kWh)	R 1.3803	R 1.4800	R 1.5836	R 1.6992
Commerce / Non Standard . Basic Ampere	R 6.0275	R 6.4729	R 6.9260	R 7.4316
Commerce / Non Standard .per kWh	R 1.080501	R 1.160350	R 1.241575	R 1.332209
Commerce Basic < 20KVA	R 326.5944	R 350.7250	R 375.2758	R 402.6709
Commerce Basic 20 to 40 KVA	R 429.5816	R 461.3260	R 493.6188	R 529.6530
Commerce Basic >40 KVA	R 784.0295	R 841.9698	R 900.9077	R 966.6740
Commerce Basic < 20KVA per kWh	R 1.080501	R 1.160350	R 1.241575	R 1.332209
Commerce Basic 20 to 40 KVA per kWh	R 1.080501	R 1.160350	R 1.241575	R 1.332209
Commerce Basic >40 KVA per kWh	R 1.080501	R 1.160350	R 1.241575	R 1.332209
Bulk Consumers Basic	R 877.3193	R 942.15	R 1 008.1039	R 1 081.6955
Bulk Consumers - kWh	R 0.412540	R 0.442984	R 0.4740	R 0.5086
Bulk Consumers - Max. Demand KVA	R 169.1269	R 181.6254	R 194.3392	R 208.5259
Retail Consumers > 100 kWh	R 1.578656	R 1.695319	R 1.813991	R 1.946412
Retail Consumers < 100 kWh	R 1.578656	R 1.695319	R 1.813991	R 1.946412
Alternative - Households 20 Amp.:-				
(0-50kWh)	R 0.6436	R 0.6800	R 0.7195	R 0.7634
(51-350kWh)	R 0.8201	R 0.8700	R 0.9309	R 0.9988
(351-600kWh)	R 1.1128	R 1.1900	R 1.2733	R 1.3663
(>600kWh)	R 1.3268	R 1.4300	R 1.5301	R 1.6418
Street Lights	R 0.6835	R 0.7340	R 0.7854	R 0.8427
Prepaid - Indigent ready bord:-				
(0-50kWh)	R 0.6436	R 0.6800	R 0.7195	R 0.7634
(51-350kWh)	R 0.8201	R 0.8700	R 0.9309	R 0.9988
(351-600kWh)	R 1.1128	R 1.1900	R 1.2733	R 1.3663
(>600kWh)	R 1.3268	R 1.4300	R 1.5301	R 1.6418
Commercial Pre paid	R 1.530868	R 1.644034	R 1.759116	R 1.887531
Sports Grounds	R 2.742272	R 2.944926	R 3.151071	R 3.381099
Bulk time of use tariff	R 877.2977	R 942.1497	R 1 008.1002	R 1 081.6915
Tou Basic				
Extention Levy Tou	R -	R -	R -	R -

Electricity	2013/2014	2014/2015	2015/2016	2016/2017
Tou Low Consumption				
Peak (kWh)	R 0.706556	R 0.758770	R 0.811884	R 0.871152
Standard (kWh)	R 0.486246	R 0.522180	R 0.558732	R 0.599520
Off peak (kWh)	R 0.308447	R 0.331241	R 0.354428	R 0.380301
Tou high Consumption				
Peak (kWh)	R 2.166181	R 2.326262	R 2.489100	R 2.670804
Standard (kWh)	R 0.656190	R 0.704682	R 0.754010	R 0.809053
Off peak (kWh)	R 0.356292	R 0.382622	R 0.409406	R 0.439292
Maksimum aanvraag KVA	R 113.4342	R 121.8125	R 130.3394	R 139.8541
Net Metering: Households Non-Indigent				
Household Consumer Basic	R 126.3764	R 135.7200	R 145.2204	R 155.8215
Import kWh (supplied by municipality)	R 0.9806	R 1.0531	R 1.1268	R 1.2090
Export kWh (supplied to mun-max/month<import	R 0.6850	R 0.6850	R 0.6850	R 0.6850
Prepaid - Households:- Non Indigent				
(0-350kWh)	R 1.2600	R 1.3356	R 1.4291	R 1.5334
> 350 kWh	R 1.3400	R 1.4390	R 1.5398	R 1.6522

A proposed increase of 7.39 per cent on all tariffs is factored into the MTREF. This increase is above the 6 per cent upper limit of the South African Reserve Bank's inflation target. However, this increase is beyond the control of the municipality as it is prescribed by NERSA.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 13 percent for sanitation from 1 July 2014 is proposed. A further increase of 13% is proposed for the two outer MTREF periods annually. The increases, which are well above the annual projected inflation rates, are mainly as a result of the repayments on the loan of R105 million which was raised in the 2011/2012 financial year to finance the upgrading of the Malmesbury WWTW. The sewerage service is regarded as an economic service which should pay for itself. The table below indicates that the service will be cost reflective during 2014/2015 as well as the remainder of the MTREF.

Vote Description	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand					
Revenue by Vote					
Sewerage Services	37 620	37 524	41 481	46 438	52 079
Expenditure by Vote					
Sewerage Services	38 320	38 767	37 507	38 692	42 105
Surplus/(Deficit) for the year	(700)	(1 244)	3 974	7 746	9 974

The following table compares the current and proposed tariffs that incorporate a 13 per cent increase over the MTREF:

Table 7 Comparison between current sanitation charges and increases

Sewerage	2013/2014	2014/2015	2015/2016	2016/2017
Swartland 2 nd point	R 21.48	R 24.27	R 27.43	R 30.99
Swartland 1 st point	R 143.18	R 161.79	R 182.83	R 206.59
Sewerage Domestic pumpings 1 st 2 p.m.	R 143.18	R 161.79	R 182.83	R 206.59
Sewerage Domestic pumpings 3 rd per pumping	R -	R -	R -	R -
Riebeeck Wes Flow over 50% discount	R 71.59	R 80.90	R 91.41	R 103.30

1.4.5 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating at a small surplus which indicates that the tariffs are cost reflective. The service remains cost reflective over the entire MTREF.

Vote Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote						
Refuse Removals	25 681	26 734	26 721	28 591	30 457	32 724
Expenditure by Vote						
Refuse Removals	21 810	23 774	24 418	26 963	28 550	30 531
Surplus for the year	3 871	2 960	2 303	1 629	1 907	2 193

The following table compares current and proposed amounts payable from 1 July 2014:

Table 8 Comparison between current waste removal fees and increases

Refuse Removal	2013/2014	2014/2015	2015/2016	2016/2017
Bonny Bird Farms	R 88.32	R 93.62	R 101.58	R 109.70
Bulk Containers	R 529.96	R 561.76	R 609.51	R 658.27
Commerce (Moorreesburg Only)	R 88.32	R 93.62	R 101.58	R 109.70
Peri Urban Areas	R 88.32	R 93.62	R 101.58	R 109.70
All Other	R 88.32	R 93.62	R 101.58	R 109.70

The following increases are proposed over the MTREF.

2014/2015	2015/2016	2016/2017
6.00%	8.50%	8.00%

These increases during 2014/2015 are within the 6.0 per cent upper limit of the South African Reserve Bank's inflation target.

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households.

Description	2013/14	2014/15 Medium Term Revenue & Expenditure Framework			
	Adjusted Budget	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent					
Monthly Account for Household - 'Middle Income Range'					
Rates and services charges:					
Property rates	334.37	4.0%	347.73	361.67	376.13
Electricity: Basic lev y	126.38	7.4%	135.72	145.22	155.82
Electricity: Consumption	1 139.69	7.4%	1 222.99	1 308.16	1 403.18
Water: Basic lev y	–	–	–	–	–
Water: Consumption	208.35	7.0%	222.90	238.51	255.20
Sanitation	143.18	13.0%	161.79	182.83	206.59
Refuse removal	88.32	6.0%	93.62	101.58	109.70
Other	–	–	–	–	–
sub-total	2 040.30	7.1%	2 184.75	2 337.95	2 506.63
VAT on Services	238.83		257.18	276.68	298.27
Total large household bill:	2 279.13	7.1%	2 441.93	2 614.63	2 804.90
% increase/-decrease	–		7.1%	7.1%	7.3%
Monthly Account for Household - 'Affordable Range'					
Rates and services charges:					
Property rates	238.83	4.0%	248.38	258.33	268.67
Electricity: Basic lev y	126.38	7.4%	135.72	145.22	155.82
Electricity: Consumption	471.75	7.4%	505.01	539.92	578.87
Water: Basic lev y	–	–	–	–	–
Water: Consumption	148.62	7.0%	176.46	188.82	202.03
Sanitation	143.18	13.0%	161.79	182.83	206.59
Refuse removal	88.32	6.0%	93.62	101.58	109.70
Other	–	–	–	–	–
sub-total	1 217.09	8.5%	1 320.98	1 416.69	1 521.68
VAT on Services	136.96		150.16	162.17	175.42
Total small household bill:	1 354.05	8.6%	1 471.15	1 578.86	1 697.10
% increase/-decrease	–		8.6%	7.3%	7.5%

Description	2013/14	2014/15 Medium Term Revenue & Expenditure Framework			
	Adjusted Budget	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent					
Monthly Account for Household - 'Affordable Range'					
Rates and services charges:					
Property rates	334.37	4.0%	347.73	361.67	376.13
Electricity: Basic lev y	126.38	7.4%	135.72	145.22	155.82
Electricity: Consumption	471.75	7.4%	505.01	539.92	578.87
Water: Basic lev y	–	–	–	–	–
Water: Consumption	148.62	7.0%	176.46	188.82	202.03
Sanitation	143.18	13.0%	161.79	182.83	206.59
Refuse removal	88.32	6.0%	93.62	101.58	109.70
Other	–	–	–	–	–
sub-total	1 312.63	8.2%	1 420.33	1 520.02	1 629.15
VAT on Services	136.96		150.16	162.17	175.42
Total small household bill:	1 449.58	8.3%	1 570.50	1 682.19	1 804.57
% increase/-decrease	–		8.3%	7.1%	7.3%
Monthly Account for Household - 'Indigent'					
Household receiving free basic services					
Rates and services charges:					
Property rates	166.65	4.0%	176.65	187.25	198.48
Electricity: Basic lev y		7.4%	–	–	–
Electricity: Consumption	296.81	7.4%	269.52	287.94	308.49
Water: Basic lev y		–	–	–	–
Water: Consumption	121.54	7.0%	92.88	99.38	106.33
Sanitation	143.18	13.0%	161.79	182.83	206.59
Refuse removal	88.32	6.0%	93.62	101.58	109.70
Other	–	–	–	–	–
sub-total	816.51	10.4%	794.46	858.97	929.60
VAT on Services	90.98		86.49	94.04	102.36
Total small household bill:	907.49	10.4%	880.95	953.01	1 031.95
% increase/-decrease	13.7%		(2.9%)	8.2%	8.3%

1.5 Operating Expenditure Framework

Municipalities were once again reminded by the National Treasury that given on-going economic pressures, the revenue side of municipal budgets will continue to be constrained, so they will need to make some very tough decisions on the expenditure side of the budget. Priority still needs to be given:

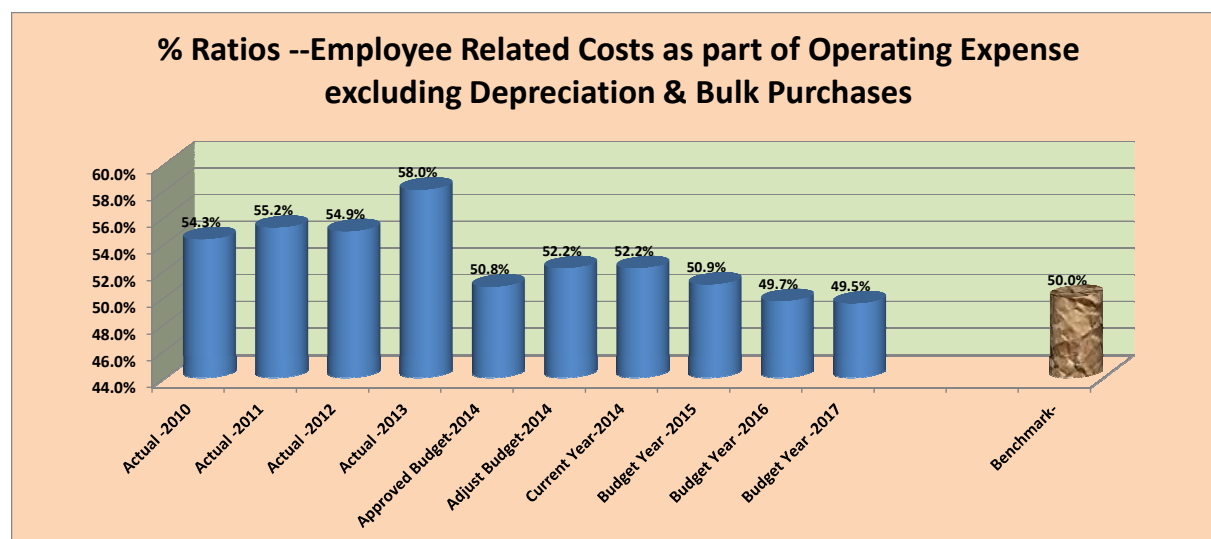
- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;
- Ensure that public investments, services, regulations and incentives are focused in defined spatial areas (spatial targeting) to optimise overall connectivity and access to opportunities;
- Provide clear signals to private sector;
- Transport, human settlements, bulk infrastructure, economic infrastructure, land use management (e.g. zoning), tax and subsidy incentives;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance;
- Expediting spending on capital projects that are funded by conditional grants;
- Ensuring that borrowed funds are invested in revenue generating assets as part of the capital program; and
- To implement cost containment measures

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

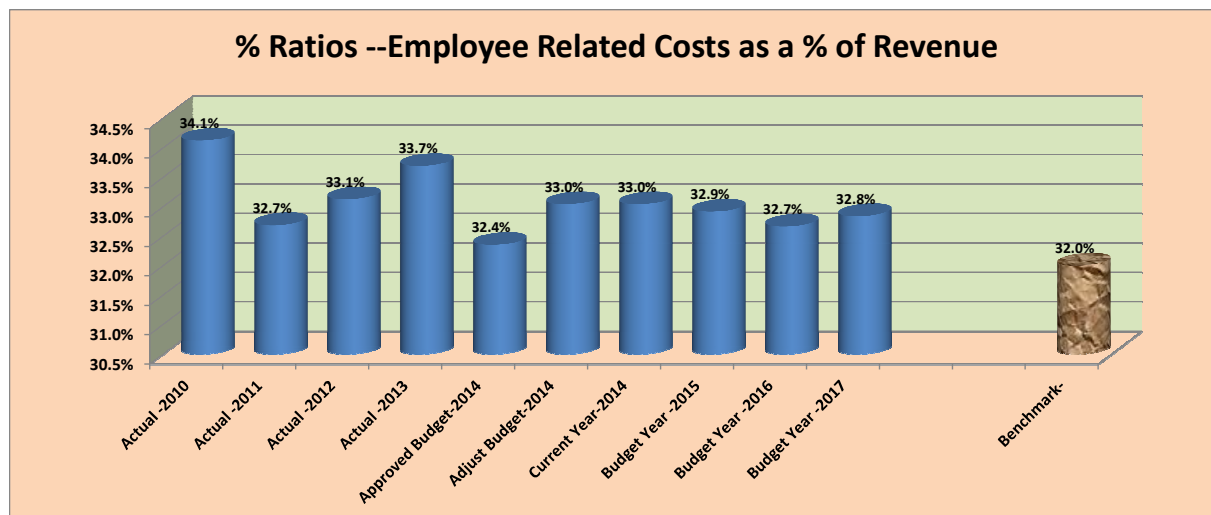
Table 9 Summary of operating expenditure by standard classification item

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type								
Employee related costs	100 688	110 535	125 450	127 499	129 593	140 164	150 582	162 608
Remuneration of councillors	5 285	6 619	6 703	7 839	7 526	8 288	8 737	9 259
Debt impairment	1 434	1 473	1 260	10 748	10 748	12 113	14 491	16 170
Depreciation & asset impairment	64 935	66 496	74 993	74 104	74 826	76 645	78 777	84 808
Finance charges	6 270	5 255	8 486	15 096	15 096	14 644	14 290	13 816
Bulk purchases	100 399	122 558	137 413	150 625	150 625	161 610	175 830	192 465
Contracted services	2 884	3 104	3 096	3 453	3 477	4 026	4 315	4 665
Transfers and grants	1 084	1 231	1 293	2 083	2 083	2 083	2 115	2 133
Other expenditure	65 315	63 816	52 120	73 397	88 648	74 514	85 426	91 011
Loss on disposal of PPE	826	3 329	492	5 263	1 788	2 144	2 251	2 364
Total Expenditure	349 120	384 416	411 305	470 108	484 411	496 232	536 814	579 300

The budgeted allocation for employee related costs for the 2014/15 financial year totals R140.164 million, which equals 28.25 per cent of the total operating expenditure. This percentage declines to 28.11 in 2015/2016 and 28.07 in 2016/2017. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis the situation is as follows:



This ratio is in line with the benchmarking figure set between the municipalities in the Western Cape. When compared to revenue, the employee related figure remains in line with the set benchmark as illustrated below:



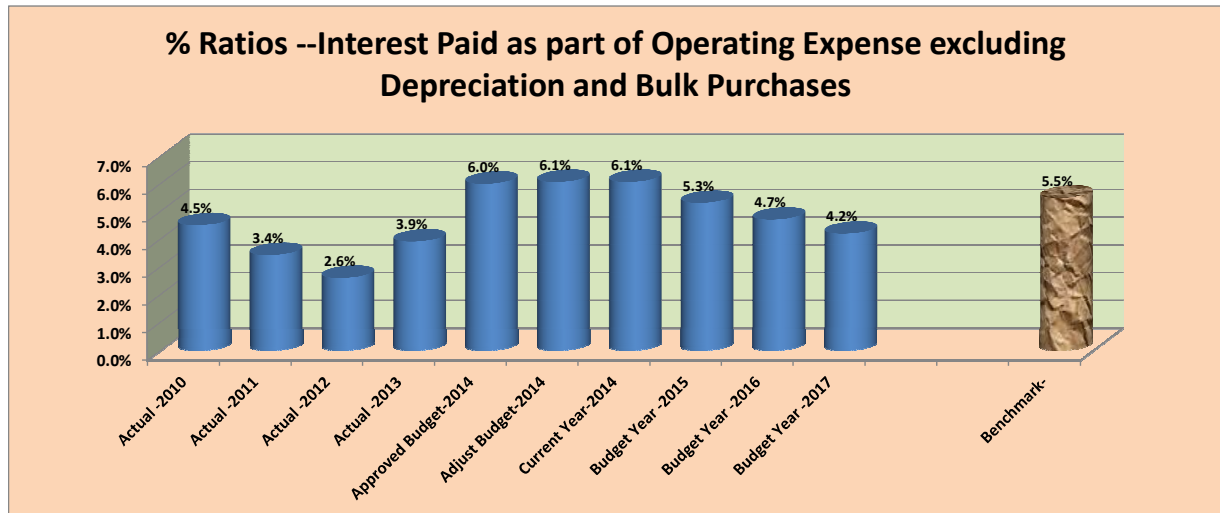
The increase in Employee Related Costs takes into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

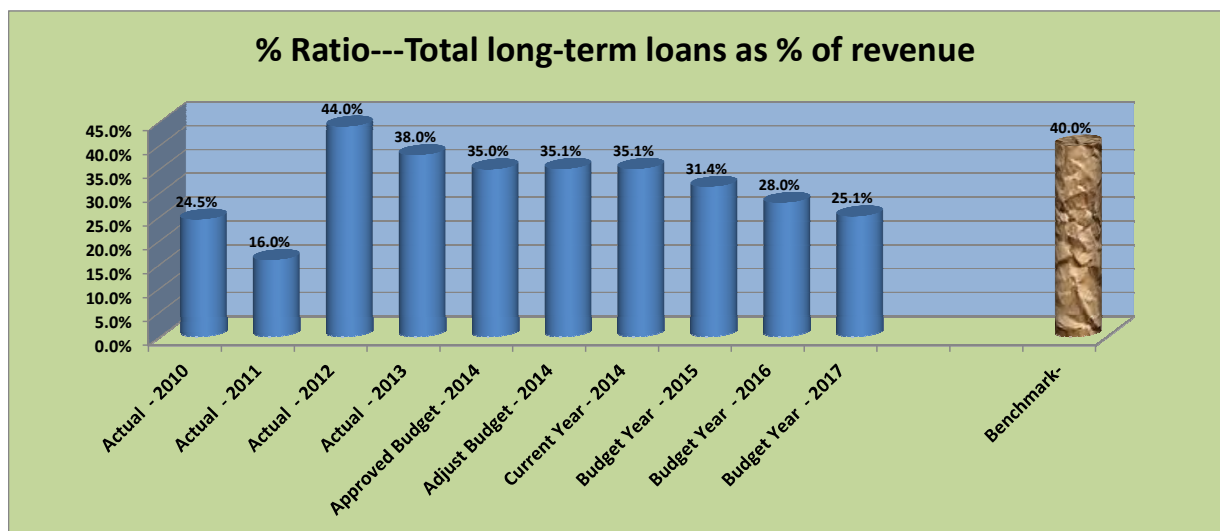
The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to R12.113 million and escalates to R16.170 million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R76.645 million for the 2014/15 financial and equates to 15.45 per cent of the total operating expenditure. The appropriation increases to R78.777 million in 2015/16 and R84.808 million in 2016/17. This allocation remains high throughout the MTREF as discussed earlier in this report.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.95 per cent (R14.644 million) of operating expenditure excluding annual redemption for 2014/15 and decreases to R13.816 million by 2016/17. If we exclude depreciation and bulk purchases in order to compare the municipality to the set benchmark, the results are as below:



This ratio falls below the norm during the MTREF which opens up more scope for external lending during the MTREF. As depicted below, this scope for more lending is further supported by the ratio between external borrowing and revenue that indicates that the ratio also falls well beneath the set benchmark of 40% over the MTREF period.



Bulk purchases are directly informed by the purchase of electricity from Eskom and water from the West Coast District Municipality. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represent 28.51 per cent of expenditure. This percentage remains consistent over the MTREF at 28.46 per cent during 2015/16 and 28.49 per cent during 2016/17.

The loss on disposal of PPE figure is directly linked to the municipality's commitment of renewing its assets on a continuous basis.

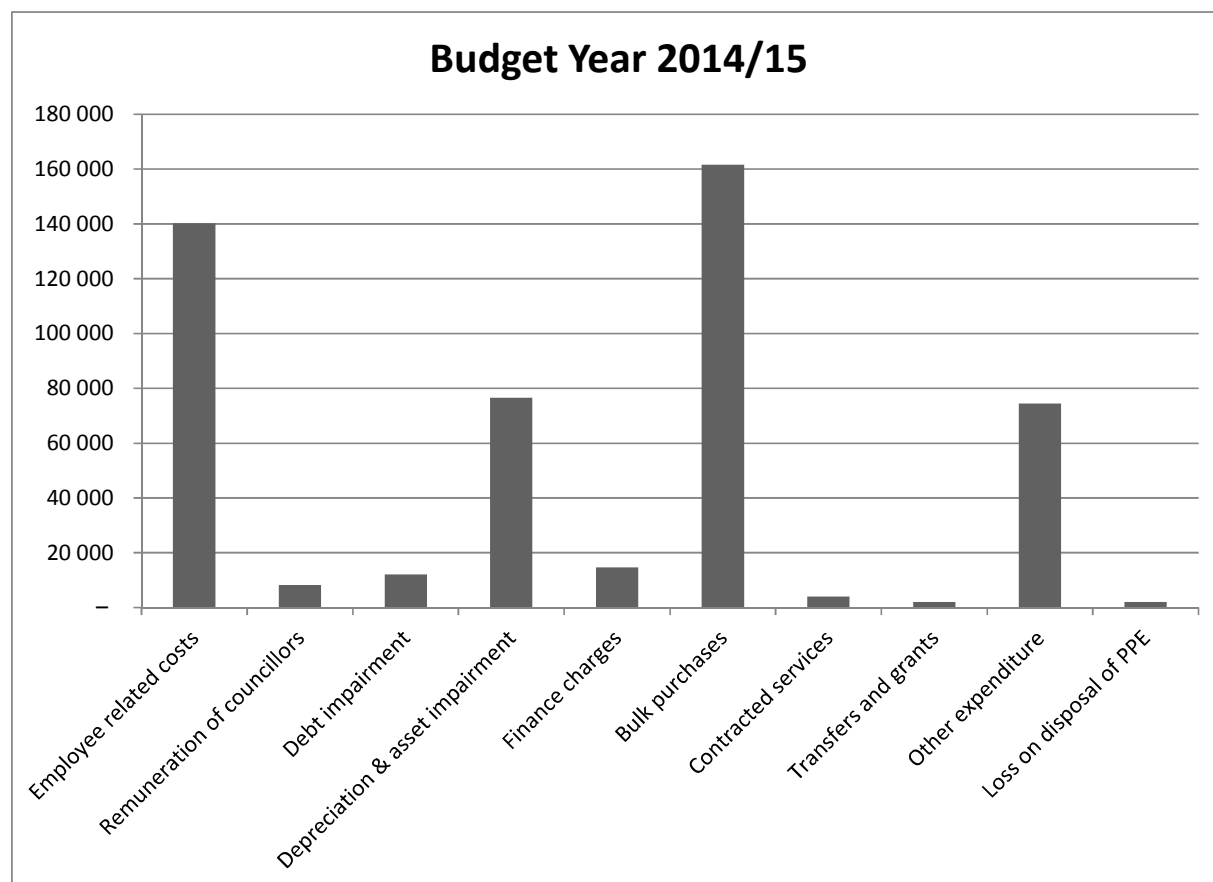
National Treasury is introducing a new Chart of Accounts and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure. The municipality's financial systems are, however, not yet ready to implement this change and will be addressed in future budgets.

Contracted services currently consist of the following and are linked to the delivery of primary services:

- Printing of Accounts
- Cleaning Services
- Cleaning Public Open Spaces
- Highlands Refuse Dump: Recycling
- Refuse Removal: Wasteman
- Sweeping of Streets

Other expenditure comprises of various line items relating to the daily operations of the municipality (including repairs and maintenance as well as operating grant expenditure).

Figure 1 Main operational expenditure categories for the 2014/15 financial year (R'000)



1.5.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

For the 2014/15 budgets and MTREF's, municipalities must ensure they prioritise asset management and take into consideration the following:

- 1) 40 per cent of its 2014/15 Capital Budget should be allocated to the renewal of existing assets it.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE)

Although the municipality is not achieving the benchmark set for repairs and maintenance, it should be noted that a significant portion of the capital program is allocated to the renewal of existing assets. This allocation is well in excess of the 40 per cent benchmark throughout the MTREF and is considered to be sufficient to support the lack of allocation to repairs and maintenance. The current allocation relating to repairs and maintenance and the renewal of existing assets is deemed to be adequate to secure the ongoing health of the municipality's infrastructure and other assets.

Table 10 Repairs and maintenance per asset class

Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE OTHER ITEMS						
Repairs and Maintenance by Asset Class	15 667	17 704	18 531	20 208	21 479	21 000
Infrastructure - Road transport	3 387	3 575	3 575	3 665	5 116	3 859
Infrastructure - Electricity	1 051	1 053	1 053	1 199	1 259	1 322
Infrastructure - Water	827	1 043	1 043	976	979	982
Infrastructure - Sanitation	1 587	1 269	1 269	1 459	1 509	1 585
Infrastructure	6 852	6 940	6 940	7 300	8 864	7 748
Community	656	794	811	1 612	854	897
Other assets	8 159	9 970	10 781	11 296	11 761	12 355
TOTAL EXPENDITURE OTHER ITEMS	90 661	91 808	93 357	96 853	100 256	105 808
Renewal of Existing Assets as % of total capex	87.3%	62.8%	59.9%	80.5%	57.7%	77.5%
Renewal of Existing Assets as % of deprecn"	101.1%	70.8%	73.2%	85.2%	50.0%	57.9%
R&M as a % of PPE	0.9%	1.0%	1.1%	1.1%	1.2%	1.2%
Renewal and R&M as a % of PPE	5.0%	4.0%	4.0%	5.0%	3.0%	4.0%

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2014/15 financial year, a process reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The income foregone as a result of free basic services totals R37,975 million in the budget year and increasing to R43,399 million and R48,636 million in the outer years of the MTREF.

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on market value of his property to the maximum of R100 000
2	50 kWh free electricity per month
3	10 kiloliters of water free per month
4	Free refuse x 4 removals per month
5	Free sewerage per month

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2014/15 Medium-term capital budget per vote

Vote Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote						
Multi-year expenditure to be appropriated						
Vote 2 - Civil Services	29 378	31 344	34 419	40 954	3 910	5 545
Vote 5 - Financial Services	–	–	1 445	1 000	2 500	2 500
Capital multi-year expenditure sub-total	29 378	31 344	35 865	41 954	6 410	8 045
Single-year expenditure to be appropriated						
Vote 1 - Corporate Services	231	428	428	1 817	64	659
Vote 2 - Civil Services	32 434	34 937	35 025	19 316	33 640	35 101
Vote 3 - Council	1	815	1 115	814	815	816
Vote 4 - Electricity Services	17 411	11 340	11 340	12 232	14 812	16 992
Vote 5 - Financial Services	979	1 244	1 712	30	32	304
Vote 6 - Development Services	5 574	3 148	5 723	4 164	10 760	473
Vote 7 - Municipal Manager	20	10	10	20	21	22
Vote 8 - Protection Services	799	213	313	728	1 658	928
Capital single-year expenditure sub-total	57 450	52 136	55 666	39 120	61 800	55 294
Total Capital Expenditure - Vote	86 828	83 480	91 531	81 074	68 210	63 339

The following table provides more information on the breakdown of the capital budget.

Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE						
<u>Total New Assets</u>	11 037	31 031	36 743	15 808	28 839	14 231
Infrastructure - Road transport	2 350	11 864	13 221	1 996	5 857	–
Infrastructure - Electricity	–	5 000	5 000	4 250	6 000	5 000
Infrastructure - Water	1 129	2 621	5 315	100	3 738	–
Infrastructure - Sanitation	1 338	3 494	3 934	–	1 430	–
Infrastructure - Other	–	2 500	–	–	–	–
Infrastructure	4 817	25 478	27 470	6 346	17 024	5 000
Community	383	3 190	–	3 100	6 131	3 246
Investment properties	1 195	–	1 132	–	–	–
Other assets	4 642	2 363	8 141	6 363	5 684	5 985
<u>Total Renewal of Existing Assets</u>	75 791	52 449	54 787	65 266	39 371	49 108
Infrastructure - Road transport	11 305	7 650	8 400	9 877	15 929	16 392
Infrastructure - Electricity	15 253	5 200	5 200	4 450	7 000	8 000
Infrastructure - Water	8 845	2 750	2 750	2 738	5 906	7 750
Infrastructure - Sanitation	30 561	31 344	34 419	40 954	3 910	5 545
Infrastructure - Other	200	–	–	–	–	–
Infrastructure	66 164	46 944	50 769	58 019	32 745	37 688
Community	1 618	850	955	944	–	–
Other assets	8 009	4 325	3 063	6 303	6 626	11 420
Intangibles	–	330	–	–	–	–
<u>Total Capital Expenditure</u>						
Infrastructure - Road transport	13 655	19 514	21 621	11 873	21 786	16 392
Infrastructure - Electricity	15 253	10 200	10 200	8 700	13 000	13 000
Infrastructure - Water	9 973	5 371	8 065	2 838	9 644	7 750
Infrastructure - Sanitation	31 900	34 838	38 353	40 954	5 340	5 545
Infrastructure - Other	200	2 500	–	–	–	–
Infrastructure	70 981	72 422	78 239	64 365	49 770	42 688
Community	2 001	4 040	955	4 044	6 131	3 246
Investment properties	1 195	–	1 132	–	–	–
Other assets	12 651	6 688	11 204	12 665	12 310	17 406
Intangibles	–	330	–	–	–	–
TOTAL CAPITAL EXPENDITURE	86 828	83 480	91 531	81 074	68 210	63 339

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

Description	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands						
Financial Performance						
Property rates	67 353	69 020	69 020	75 587	80 091	85 250
Service charges	237 564	255 968	254 068	270 902	289 348	310 049
Investment revenue	9 917	10 820	10 820	9 894	8 900	7 481
Transfers recognised - operational	40 483	53 629	70 038	53 427	63 805	73 292
Other own revenue	29 184	25 770	25 770	26 325	27 133	27 994
Total Revenue (excluding capital transfers and contributions)	384 501	415 207	429 715	436 136	469 277	504 066
Employee costs	125 450	127 499	129 593	140 164	150 582	162 608
Remuneration of councillors	6 703	7 839	7 526	8 288	8 737	9 259
Depreciation & asset impairment	74 993	74 104	74 826	76 645	78 777	84 808
Finance charges	8 486	15 096	15 096	14 644	14 290	13 816
Materials and bulk purchases	137 413	150 625	150 625	161 610	175 830	192 465
Transfers and grants	1 293	2 083	2 083	2 083	2 115	2 133
Other expenditure	56 967	92 862	104 661	92 797	106 483	114 210
Total Expenditure	411 305	470 108	484 411	496 232	536 814	579 300
Surplus/(Deficit)	(26 804)	(54 901)	(54 695)	(60 096)	(67 537)	(75 234)
Transfers recognised - capital	24 955	42 868	45 547	27 666	32 305	26 638
Contributions recognised - capital & contributed assets	150	–	4 775	1 500	1 500	–
Surplus/(Deficit) for the year	(1 699)	(12 033)	(4 373)	(30 930)	(33 732)	(48 596)



Swartland Municipality

2014/15 Annual Budget and MTREF

Description R thousands	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure & funds sources						
Capital expenditure	86 828	83 480	91 531	81 074	68 210	63 339
Transfers recognised - capital	24 955	42 868	45 547	27 666	32 305	26 638
Public contributions & donations	231	–	2 000	1 500	1 500	–
Borrowing	16 002	8 949	–	–	–	–
Internally generated funds	45 640	31 663	43 983	51 908	34 405	36 701
Total sources of capital funds	86 828	83 480	91 531	81 074	68 210	63 339
Financial position						
Total current assets	265 165	218 544	248 047	248 026	253 117	254 142
Total non current assets	1 782 280	1 786 784	1 797 173	1 799 434	1 786 593	1 762 736
Total current liabilities	64 388	68 319	66 548	99 701	125 719	153 224
Total non current liabilities	186 300	174 806	186 287	186 305	186 269	184 528
Community wealth/Equity	1 796 757	1 762 203	1 792 384	1 761 454	1 727 722	1 679 127
Cash flows						
Net cash from (used) operating	82 922	73 530	70 641	77 624	70 652	60 823
Net cash from (used) investing	(85 218)	(83 256)	(91 306)	(80 850)	(67 987)	(63 115)
Net cash from (used) financing	(6 785)	(4 829)	(5 010)	(3 247)	(3 553)	(3 940)
Cash/cash equivalents at the year end	210 129	156 617	184 454	177 980	177 092	170 860
Cash backing/surplus reconciliation						
Cash and investments available	210 129	156 617	184 454	177 980	177 092	170 860
Application of cash and investments	(1 545)	(3 005)	(4 299)	22 378	42 025	62 689
Balance - surplus (shortfall)	211 674	159 622	188 753	155 602	135 067	108 171
Asset management						
Asset register summary (WDV)	1 781 882	1 786 144	1 796 799	1 799 083	1 786 266	1 762 433
Depreciation & asset impairment	74 993	74 104	74 826	76 645	78 777	84 808
Renewal of Existing Assets	75 791	52 449	54 787	65 266	39 371	49 108
Repairs and Maintenance	15 667	17 704	18 531	20 208	21 479	21 000
Free services						
Cost of Free Basic Services provided	1 373	1 701	1 701	1 941	1 941	1 941
Revenue cost of free services provided	20 888	25 253	25 253	28 564	28 564	28 564
Households below minimum service level						
Water:	–	–	–	–	–	–
Sanitation/sew erage:	–	–	–	–	–	–
Energy :	1	2	2	2	2	2
Refuse:	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The accumulated surplus is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows a sharp decline over the MTREF. This will in turn result in a sharp decline in the CRR. The CRR is currently ring-fenced within the accumulated surplus.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard						
<i>Governance and administration</i>	127 163	154 408	178 271	141 006	159 515	162 494
Executive and council	34 831	59 866	83 729	33 761	38 968	32 038
Budget and treasury office	91 023	93 466	93 466	106 070	119 311	129 126
Corporate services	1 310	1 076	1 076	1 175	1 236	1 330
<i>Community and public safety</i>	11 733	13 703	13 703	14 585	13 782	14 306
Community and social services	5 611	6 137	6 137	6 868	6 700	7 071
Sport and recreation	2 873	2 742	2 742	2 881	2 738	2 874
Public safety	3 007	4 561	4 561	4 560	4 055	4 057
Housing	241	263	263	276	290	304
Health	–	–	–	–	–	–
<i>Economic and environmental services</i>	8 315	7 711	7 711	9 021	8 304	8 716
Planning and development	1 977	1 808	1 808	1 898	1 992	2 091
Road transport	6 338	5 903	5 903	7 123	6 312	6 625
Environmental protection	–	–	–	–	–	–
<i>Trading services</i>	262 376	282 234	280 334	300 669	321 458	345 165
Electricity	166 836	180 514	178 796	191 178	202 467	215 392
Water	35 281	37 367	37 294	39 418	42 096	44 969
Waste water management	34 578	37 620	37 524	41 481	46 438	52 079
Waste management	25 681	26 734	26 721	28 591	30 457	32 724
<i>Other</i>	18	20	20	21	22	23
Total Revenue - Standard	409 606	458 075	480 038	465 302	503 082	530 704

Standard Classification Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure - Standard						
Governance and administration	69 906	93 111	104 314	90 433	105 071	116 145
Executive and council	14 072	28 369	44 186	18 847	19 646	20 737
Budget and treasury office	29 011	39 878	34 539	43 921	55 801	64 348
Corporate services	26 822	24 865	25 589	27 666	29 624	31 060
Community and public safety	47 905	49 661	50 492	53 786	56 764	60 774
Community and social services	12 426	12 637	12 686	13 904	15 084	16 248
Sport and recreation	15 516	14 991	15 034	16 353	16 604	17 641
Public safety	18 602	20 701	21 430	21 743	23 199	24 892
Housing	1 361	1 332	1 342	1 786	1 877	1 994
Health	–	–	–	–	–	–
Economic and environmental services	57 398	58 169	58 435	64 437	66 865	68 167
Planning and development	8 441	8 452	8 453	11 522	10 844	10 356
Road transport	48 957	49 717	49 982	52 914	56 021	57 811
Environmental protection	–	–	–	–	–	–
Trading services	235 006	268 205	270 208	286 580	307 056	333 125
Electricity	146 548	161 662	161 998	175 831	189 171	203 835
Water	41 814	44 449	45 024	46 278	50 645	56 653
Waste water management	24 835	38 320	38 767	37 507	38 692	42 105
Waste management	21 810	23 774	24 418	26 963	28 550	30 531
Other	1 090	962	962	996	1 057	1 088
Total Expenditure - Standard	411 305	470 108	484 411	496 232	536 814	579 300
Surplus/(Deficit) for the year	(1 699)	(12 033)	(4 373)	(30 930)	(33 732)	(48 596)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Surplus/(Deficit) per trading Service

Standard Classification Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Electricity	16 272	16 693	20 289	18 852	16 797	15 346	13 297	11 557
Water	(10 255)	(6 547)	(6 533)	(7 082)	(7 731)	(6 860)	(8 548)	(11 684)
Waste water management	6 064	11 163	9 743	(700)	(1 244)	3 974	7 746	9 974
Waste management	(4 009)	2 429	3 871	2 960	2 303	1 629	1 907	2 193

The table highlights that this is the case for Electricity, Waste Management (Refuse) and Waste Water Management functions, but not the Water functions over the MTREF. As already noted above, the municipality is undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote						
Vote 1 - Corporate Services	5 609	6 134	6 134	6 899	6 993	7 421
Vote 2 - Civil Services	97 878	103 222	103 040	112 288	120 444	131 285
Vote 3 - Council	34 831	59 866	83 673	33 761	38 968	32 038
Vote 4 - Electricity Services	166 838	180 514	178 796	191 178	202 467	215 392
Vote 5 - Financial Services	91 023	93 466	93 522	106 070	119 311	129 126
Vote 6 - Development Services	4 465	4 487	4 487	4 699	4 705	4 939
Vote 7 - Municipal Manager	—	—	—	—	—	—
Vote 8 - Protection Services	8 963	10 386	10 386	10 406	10 194	10 503
Total Revenue by Vote	409 606	458 075	480 038	465 302	503 082	530 704
Expenditure by Vote to be appropriated						
Vote 1 - Corporate Services	17 628	17 860	18 344	20 024	21 318	22 810
Vote 2 - Civil Services	160 223	176 464	178 288	184 253	194 908	208 506
Vote 3 - Council	10 558	23 006	38 972	14 327	14 844	15 627
Vote 4 - Electricity Services	151 918	161 662	161 998	183 743	198 013	213 438
Vote 5 - Financial Services	29 011	40 868	35 752	43 921	55 801	64 348
Vote 6 - Development Services	13 088	13 124	13 212	16 907	16 698	16 644
Vote 7 - Municipal Manager	3 514	10 271	10 123	4 520	4 802	5 111
Vote 8 - Protection Services	25 364	26 853	27 722	28 537	30 430	32 816
Total Expenditure by Vote	411 305	470 108	484 411	496 232	536 814	579 300
Surplus/(Deficit) for the year	(1 699)	(12 033)	(4 373)	(30 930)	(33 732)	(48 596)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source						
Property rates	67 353	69 020	69 020	75 587	80 091	85 250
Service charges - electricity revenue	165 045	178 645	176 927	189 053	200 049	212 657
Service charges - water revenue	31 061	33 265	33 191	34 803	36 775	38 797
Service charges - sanitation revenue	22 979	24 844	24 747	26 837	30 988	35 753
Service charges - refuse revenue	18 478	19 215	19 203	20 210	21 536	22 842
Rental of facilities and equipment	2 902	3 088	3 088	3 252	3 414	3 586
Interest earned - external investments	9 917	10 820	10 820	9 894	8 900	7 481
Interest earned - outstanding debtors	1 455	1 276	1 276	1 340	1 407	1 477
Fines	2 948	4 039	4 039	4 041	4 042	4 043
Licences and permits	3 225	3 007	3 007	3 157	3 315	3 481
Agency services	2 496	2 539	2 539	2 666	2 799	2 939
Transfers recognised - operating	40 483	53 629	70 038	53 427	63 805	73 292
Other revenue	13 852	11 621	11 621	11 670	11 956	12 267
Gains on disposal of PPE	2 307	200	200	200	200	200
Total Revenue (excluding capital transfers and contributions)	384 501	415 207	429 715	436 136	469 277	504 066
Expenditure By Type						
Employee related costs	125 450	127 499	129 593	140 164	150 582	162 608
Remuneration of councillors	6 703	7 839	7 526	8 288	8 737	9 259
Debt impairment	1 260	10 748	10 748	12 113	14 491	16 170
Depreciation & asset impairment	74 993	74 104	74 826	76 645	78 777	84 808
Finance charges	8 486	15 096	15 096	14 644	14 290	13 816
Bulk purchases	137 413	150 625	150 625	161 610	175 830	192 465
Contracted services	3 096	3 453	3 477	4 026	4 315	4 665
Transfers and grants	1 293	2 083	2 083	2 083	2 115	2 133
Other expenditure	52 120	73 397	88 648	74 514	85 426	91 011
Loss on disposal of PPE	492	5 263	1 788	2 144	2 251	2 364
Total Expenditure	411 305	470 108	484 411	496 232	536 814	579 300
Surplus/(Deficit)	(26 804)	(54 901)	(54 695)	(60 096)	(67 537)	(75 234)
Transfers recognised - capital	24 955	42 868	45 547	27 666	32 305	26 638
Contributions recognised - capital	150	—	4 775	1 500	1 500	—
Surplus/(Deficit) for the year	(1 699)	(12 033)	(4 373)	(30 930)	(33 732)	(48 596)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote						
<u>Multi-year expenditure to be appropriated</u>						
Vote 2 - Civil Services	29 378	31 344	34 419	40 954	3 910	5 545
Vote 5 - Financial Services	–	–	1 445	1 000	2 500	2 500
Capital multi-year expenditure sub-total	29 378	31 344	35 865	41 954	6 410	8 045
<u>Single-year expenditure to be appropriated</u>						
Vote 1 - Corporate Services	231	428	428	1 817	64	659
Vote 2 - Civil Services	32 434	34 937	35 025	19 316	33 640	35 101
Vote 3 - Council	1	815	1 115	814	815	816
Vote 4 - Electricity Services	17 411	11 340	11 340	12 232	14 812	16 992
Vote 5 - Financial Services	979	1 244	1 712	30	32	304
Vote 6 - Development Services	5 574	3 148	5 723	4 164	10 760	473
Vote 7 - Municipal Manager	20	10	10	20	21	22
Vote 8 - Protection Services	799	213	313	728	1 658	928
Capital single-year expenditure sub-total	57 450	52 136	55 666	39 120	61 800	55 294
Total Capital Expenditure - Vote	86 828	83 480	91 531	81 074	68 210	63 339



Swartland Municipality

2014/15 Annual Budget and MTREF

Vote Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard						
Governance and administration	2 878	2 094	3 494	3 639	3 395	4 270
Executive and council	1 756	825	1 125	834	836	838
Budget and treasury office	1 122	29	1 866	1 030	2 532	2 804
Corporate services	–	1 240	503	1 775	28	629
Community and public safety	10 870	4 739	24 674	6 566	16 705	4 866
Community and social services	1 101	3 551	196	3 310	3 206	503
Sport and recreation	2 230	975	1 080	1 632	4 251	3 435
Public safety	888	213	353	728	1 658	928
Housing	6 652	–	23 044	896	7 589	–
Economic and environmental services	16 174	19 815	8 642	11 249	16 964	20 560
Planning and development	–	109	109	114	120	126
Road transport	16 174	19 706	8 533	11 135	16 843	20 433
Trading services	56 905	56 831	54 721	59 619	31 147	33 643
Electricity	16 631	11 340	12 592	12 232	14 812	16 992
Water	5 914	5 429	3 316	2 939	9 142	8 008
Waste water management	–	35 509	35 046	42 593	5 643	5 632
Waste management	34 360	4 553	3 768	1 856	1 550	3 011
Total Capital Expenditure - Standard	86 828	83 480	91 531	81 074	68 210	63 339
Funded by:						
National Government	17 545	22 395	22 395	23 918	26 872	26 638
Provincial Government	6 926	19 623	22 197	3 748	5 433	–
Other transfers and grants	484	850	955	–	–	–
Transfers recognised - capital	24 955	42 868	45 547	27 666	32 305	26 638
Public contributions & donations	231	–	2 000	1 500	1 500	–
Borrowing	16 002	8 949	–	–	–	–
Internally generated funds	45 640	31 663	43 983	51 908	34 405	36 701
Total Capital Funding	86 828	83 480	91 531	81 074	68 210	63 339

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from National, Provincial and Other grants and transfers, Public Donations and internally generated funds from current and prior year surpluses.

Table 17 MBRR Table A6 - Budgeted Financial Position

Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS						
Current assets						
Cash	210 129	500	184 454	177 980	177 092	170 860
Call investment deposits	–	156 117	–	–	–	–
Consumer debtors	45 845	49 611	54 324	60 350	65 877	72 654
Other debtors	2 132	6 835	2 132	2 132	2 132	2 132
Current portion of long-term receivables	24	24	24	24	24	24
Inventory	7 035	5 457	7 114	7 540	7 993	8 472
Total current assets	265 165	218 544	248 047	248 026	253 117	254 142
Non current assets						
Long-term receivables	397	640	374	350	327	303
Investment property	31 363	33 920	32 130	31 778	31 435	31 092
Property, plant and equipment	1 749 294	1 751 681	1 763 252	1 766 049	1 753 743	1 730 428
Intangible	458	542	649	490	321	146
Other non-current assets	767	–	767	767	767	767
Total non current assets	1 782 280	1 786 784	1 797 173	1 799 434	1 786 593	1 762 736
TOTAL ASSETS	2 047 445	2 005 328	2 045 219	2 047 460	2 039 710	2 016 878
LIABILITIES						
Current liabilities						
Borrowing	5 244	3 752	3 752	4 094	4 518	4 602
Consumer deposits	6 896	7 212	7 212	7 717	8 258	8 836
Trade and other payables	46 516	51 525	49 753	81 768	106 516	133 037
Provisions	5 731	5 830	5 830	6 122	6 428	6 749
Total current liabilities	64 388	68 319	66 548	99 701	125 719	153 224
Non current liabilities						
Borrowing	141 479	137 883	137 644	133 551	129 033	124 430
Provisions	44 821	36 922	48 643	52 754	57 236	60 098
Total non current liabilities	186 300	174 806	186 287	186 305	186 269	184 528
TOTAL LIABILITIES	250 688	243 125	252 835	286 006	311 988	337 751
NET ASSETS	1 796 757	1 762 203	1 792 384	1 761 454	1 727 722	1 679 127
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)	1 796 335	1 660 078	1 791 962	1 761 033	1 727 300	1 678 705
Reserves	422	102 125	422	422	422	422
TOTAL COMMUNITY WEALTH/EQUITY	1 796 757	1 762 203	1 792 384	1 761 454	1 727 722	1 679 127

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Ratepayers and other	332 539	337 811	334 207	354 705	376 523	398 754
Government - operating	38 924	53 629	69 468	53 427	63 805	73 292
Government - capital	24 567	42 868	45 101	53 105	52 583	48 478
Interest	9 917	10 820	10 820	11 165	10 231	8 874
Payments						
Suppliers and employees	(313 247)	(354 418)	(371 775)	(378 050)	(416 085)	(452 625)
Finance charges	(8 486)	(15 096)	(15 096)	(14 644)	(14 290)	(13 816)
Transfers and Grants	(1 293)	(2 083)	(2 083)	(2 083)	(2 115)	(2 133)
NET CASH FROM/(USED) OPERATING ACTIVITIES	82 922	73 530	70 641	77 624	70 652	60 823
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	1 550	200	200	200	200	200
Decrease (increase) other non-current receivables	60	24	24	24	24	24
Payments						
Capital assets	(86 828)	(83 480)	(91 531)	(81 074)	(68 210)	(63 339)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(85 218)	(83 256)	(91 306)	(80 850)	(67 987)	(63 115)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	82	–	–	–	–	–
Increase (decrease) in consumer deposits	–	472	316	505	540	578
Payments						
Repayment of borrowing	(6 868)	(5 301)	(5 326)	(3 752)	(4 094)	(4 518)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(6 785)	(4 829)	(5 010)	(3 247)	(3 553)	(3 940)
NET INCREASE/ (DECREASE) IN CASH HELD	(9 082)	(14 555)	(25 675)	(6 474)	(888)	(6 232)
Cash/cash equivalents at the year begin:	219 211	171 172	210 129	184 454	177 980	177 092
Cash/cash equivalents at the year end:	210 129	156 617	184 454	177 980	177 092	170 860

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand						
Cash and investments available						
Cash/cash equivalents at the year end	210 129	156 617	184 454	177 980	177 092	170 860
Cash and investments available:	210 129	156 617	184 454	177 980	177 092	170 860
Application of cash and investments						
Unspent conditional transfers	2 682	3 438	1 667	27 106	47 383	69 223
Other working capital requirements	(4 649)	(6 924)	(6 387)	(5 149)	(5 780)	(6 956)
Reserves to be backed by cash/investments	422	482	422	422	422	422
Total Application of cash and investments:	(1 545)	(3 005)	(4 299)	22 378	42 025	62 689
Surplus(shortfall)	211 674	159 622	188 753	155 602	135 067	108 171

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 20 MBRR Table A9 - Asset Management

Description	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand						
CAPITAL EXPENDITURE						
<u>Total New Assets</u>	11 037	31 031	36 743	15 808	28 839	14 231
Infrastructure - Road transport	2 350	11 864	13 221	1 996	5 857	–
Infrastructure - Electricity	–	5 000	5 000	4 250	6 000	5 000
Infrastructure - Water	1 129	2 621	5 315	100	3 738	–
Infrastructure - Sanitation	1 338	3 494	3 934	–	1 430	–
Infrastructure - Other	–	2 500	–	–	–	–
Infrastructure	4 817	25 478	27 470	6 346	17 024	5 000
Community	383	3 190	–	3 100	6 131	3 246
Investment properties	1 195	–	1 132	–	–	–
Other assets	4 642	2 363	8 141	6 363	5 684	5 985
<u>Total Renewal of Existing Assets</u>	75 791	52 449	54 787	65 266	39 371	49 108
Infrastructure - Road transport	11 305	7 650	8 400	9 877	15 929	16 392
Infrastructure - Electricity	15 253	5 200	5 200	4 450	7 000	8 000
Infrastructure - Water	8 845	2 750	2 750	2 738	5 906	7 750
Infrastructure - Sanitation	30 561	31 344	34 419	40 954	3 910	5 545
Infrastructure - Other	200	–	–	–	–	–
Infrastructure	66 164	46 944	50 769	58 019	32 745	37 688
Community	1 618	850	955	944	–	–
Other assets	8 009	4 325	3 063	6 303	6 626	11 420
Intangibles	–	330	–	–	–	–
<u>Total Capital Expenditure</u>						
Infrastructure - Road transport	13 655	19 514	21 621	11 873	21 786	16 392
Infrastructure - Electricity	15 253	10 200	10 200	8 700	13 000	13 000
Infrastructure - Water	9 973	5 371	8 065	2 838	9 644	7 750
Infrastructure - Sanitation	31 900	34 838	38 353	40 954	5 340	5 545
Infrastructure - Other	200	2 500	–	–	–	–
Infrastructure	70 981	72 422	78 239	64 365	49 770	42 688
Community	2 001	4 040	955	4 044	6 131	3 246
Investment properties	1 195	–	1 132	–	–	–
Other assets	12 651	6 688	11 204	12 665	12 310	17 406
Intangibles	–	330	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	86 828	83 480	91 531	81 074	68 210	63 339

Description	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand						
ASSET REGISTER SUMMARY - PPE (WDV)						
Infrastructure - Road transport	573 302	547 901	566 959	551 322	544 498	530 836
Infrastructure - Electricity	307 741	312 475	306 658	303 762	304 805	305 362
Infrastructure - Water	283 571	272 390	281 718	274 260	273 351	270 046
Infrastructure - Sanitation	354 338	391 538	381 809	411 372	405 321	396 898
Infrastructure - Other	2 698	9 494	5 738	5 429	5 115	4 781
Infrastructure	1 521 650	1 533 798	1 542 882	1 546 145	1 533 091	1 507 923
Community	14 234	50 190	11 071	10 641	12 278	10 978
Heritage assets	767	71	767	767	767	767
Investment properties	31 363	33 920	32 130	31 778	31 435	31 092
Other assets	213 410	167 623	209 299	209 263	208 374	211 527
Intangibles	458	542	649	490	321	146
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 781 882	1 786 144	1 796 799	1 799 083	1 786 266	1 762 433
EXPENDITURE OTHER ITEMS						
<u>Depreciation & asset impairment</u>	74 993	74 104	74 826	76 645	78 777	84 808
<u>Repairs and Maintenance by Asset Class</u>	15 667	17 704	18 531	20 208	21 479	21 000
Infrastructure - Road transport	3 387	3 575	3 575	3 665	5 116	3 859
Infrastructure - Electricity	1 051	1 053	1 053	1 199	1 259	1 322
Infrastructure - Water	827	1 043	1 043	976	979	982
Infrastructure - Sanitation	1 587	1 269	1 269	1 459	1 509	1 585
Infrastructure	6 852	6 940	6 940	7 300	8 864	7 748
Community	656	794	811	1 612	854	897
Other assets	8 159	9 970	10 781	11 296	11 761	12 355
TOTAL EXPENDITURE OTHER ITEMS	90 661	91 808	93 357	96 853	100 256	105 808
Renewal of Existing Assets as % of total capex	87.3%	62.8%	59.9%	80.5%	57.7%	77.5%
Renewal of Existing Assets as % of deprecn"	101.1%	70.8%	73.2%	85.2%	50.0%	57.9%
R&M as a % of PPE	0.9%	1.0%	1.1%	1.1%	1.2%	1.2%
Renewal and R&M as a % of PPE	5.0%	4.0%	4.0%	5.0%	3.0%	4.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations, but it should be noted that it exceeds the "renewal of asset" benchmark with a significant margin.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

Description	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets						
<u>Water:</u>						
Piped water inside dwelling	18 492	18 852	18 852	18 952	18 952	18 952
Piped water inside yard (but not in dwelling)	–	–	–	–	–	–
Using public tap (at least min.service level)	–	–	–	–	–	–
Other water supply (at least min.service level)	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	18 492	18 852	18 852	18 952	18 952	18 952
Using public tap (< min.service level)	–	–	–	–	–	–
Other water supply (< min.service level)	–	–	–	–	–	–
No water supply	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–
Total number of households	18 492	18 852	18 852	18 952	18 952	18 952
<u>Sanitation/sewerage:</u>						
Flush toilet (connected to sewerage)	15 996	16 356	16 356	16 456	16 456	16 456
Flush toilet (with septic tank)	1 397	1 397	1 397	1 414	1 414	1 414
Chemical toilet	–	–	–	–	–	–
Pit toilet (ventilated)	–	–	–	–	–	–
Other toilet provisions (> min.service level)	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	17 393	17 753	17 753	17 870	17 870	17 870
Bucket toilet	–	–	–	–	–	–
Other toilet provisions (< min.service level)	–	–	–	–	–	–
No toilet provisions	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–
Total number of households	17 393	17 753	17 753	17 870	17 870	17 870
<u>Energy:</u>						
Electricity (at least min.service level)	5 450	5 460	5 460	5 470	5 470	5 470
Electricity - prepaid (min.service level)	8 798	8 798	8 798	8 798	8 798	8 798
<i>Minimum Service Level and Above sub-total</i>	14 248	14 258	14 258	14 268	14 268	14 268
Electricity (< min.service level)	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–
Other energy sources	1 398	1 758	1 758	1 838	1 838	1 838
<i>Below Minimum Service Level sub-total</i>	1 398	1 758	1 758	1 838	1 838	1 838
Total number of households	15 646	16 016	16 016	16 106	16 106	16 106
<u>Refuse:</u>						
Removed at least once a week	18 346	18 706	18 706	18 738	18 378	18 738
<i>Minimum Service Level and Above sub-total</i>	18 346	18 706	18 706	18 738	18 378	18 738
Removed less frequently than once a week	–	–	–	–	–	–
Using communal refuse dump	–	–	–	–	–	–
Using own refuse dump	–	–	–	–	–	–
Other rubbish disposal	–	–	–	–	–	–
No rubbish disposal	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–
Total number of households	18 346	18 706	18 706	18 738	18 378	18 738

Description	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Households receiving Free Basic Service						
Water (6 kilolitres per household per month)	4 968	5 328	5 328	5 495	5 495	5 495
Sanitation (free minimum level service)	4 791	5 151	5 151	5 292	5 292	5 292
Electricity/other energy (50kwh per household per month)	4 649	5 009	5 009	5 266	5 266	5 266
Refuse (removed at least once a week)	4 976	5 336	5 336	5 476	5 476	5 476
Cost of Free Basic Services provided (R'000)	163	202	202			
Water (6 kilolitres per household per month)	645	802	802	250	250	250
Sanitation (free sanitation service)	145	216	216	890	890	890
Electricity/other energy (50kwh per household per month)	421	481	481	260	260	260
Refuse (removed once a week)			–	541	541	541
Total cost of FBS provided (minimum social package)	1 373	1 701	1 701	1 941	1 941	1 941
Highest level of free service provided						
Property rates (R value threshold)	100 000	100 000	100 000	100 000	100 000	100 000
Water (kilolitres per household per month)	10	10	10	10	10	10
Sanitation (kilolitres per household per month)	–	–	–	–	–	–
Sanitation (Rand per household per month)	127	146	146	162	162	162
Electricity (kwh per household per month)	50	50	50	50	50	50
Refuse (average litres per week)	83	88	88	94	94	94
Revenue cost of free services provided (R'000)						
Property rates (R15 000 threshold rebate)	1 605	1 700	1 700	1 782	1 782	1 782
Property rates (other exemptions, reductions and rebates)	2 804	3 143	3 143	3 143	3 143	3 143
Water	1 954	2 424	2 424	2 913	2 913	2 913
Sanitation	7 735	9 629	9 629	11 442	11 442	11 442
Electricity/other energy	1 738	2 587	2 587	3 006	3 006	3 006
Refuse	5 051	5 771	5 771	6 278	6 278	6 278
Municipal Housing - rental rebates	–	–	–	–	–	–
Housing - top structure subsidies	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total revenue cost of free services provided (total social package)	20 888	25 253	25 253	28 564	28 564	28 564

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

POLITICAL OVERSIGHT OF THE BUDGET PROCESS

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans. The mayoral committee is one of the key elements in accomplishing the linkage between the IDP and the Budget of a municipality.

SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies. The mayor therefore tabled a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP, in council on the 29 August 2013.

PURPOSE OF THE BUDGET AND IDP PROCESS PLAN

The purpose of the process plan is to indicate the various planned activities and strategies on which the municipality will embark to compose its Integrated Development Plan for the five year cycle (2013/2014-2017/2018) and the budget for the 2014/2015 financial year and the two outer years.

The process plan enhances integration and alignment between the IDP and the Budget, thereby ensuring the development of an IDP-based budget. It fulfils the role of an operational framework for the IDP and Budget process outlining the manner in which this process was undertaken. In addition, it identifies the activities in the processes around the key statutory annual operational processes of the budget and IDP compilation, performance management implementation and the adoption of the municipality's annual report.

The Mayor tabled in Council the required the IDP and budget time schedule on 29 August 2013. Key dates applicable to the process were:

- **6 September 2013** – Discussion on financial position and financial performance (financial statements and cash-flow statements) as well as the standards with MayCo, MM and Division Heads;
- **30 October 2013** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- **Jan/Feb 2014** - Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations;
- **January 2014** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **30 January 2014** - Council considers and approve the 2013/14 Mid-year Review and Adjustments Budget;
- **February 2014** - Finalise detailed operating and capital budgets in the prescribed formats incorporating National and Provincial budget allocations, integrate and align to IDP documentation and draft SDBIP, finalise budget policies including tariff policy;
- **27 March 2014** - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
- **April 2014** – Public consultation;
- **7 May 2014** - Closing date for written comments;
- **8 to 22 May 2014** – Finalisation of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **29 May 2014** - Tabling of the 2014/15 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

1.8.1 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

1.8.2 Community Consultation

A full consultation process was carried out during April 2014. During this process, members of the community were afforded the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs were reviewed and where viable the proposed changes were incorporated into the final budget to be approved by Council at the end of May 2014.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The 2014/15 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 22 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
Basic service delivery and infrastructure development	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	–	–	–	–	–	–
Basic service delivery and infrastructure development	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	71 488	76 004	75 835	83 162	89 440	97 982
Basic service delivery and infrastructure development	To provide an adequate and affordable cleaning services to the municipal area	C	25 681	26 734	26 721	28 591	30 457	32 724
Basic service delivery and infrastructure development	To ensure that council's building infrastructure is sufficient and properly maintained	D	709	484	484	534	547	579
Basic service delivery and infrastructure development	To lead and manage the Electrical Engineering Services Department effectively and efficiently	E	–	–	–	–	–	–
Basic service delivery and infrastructure development	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	166 838	180 514	178 796	191 178	202 467	215 392
Basic service delivery and infrastructure development	To lead and manage the Protection Services Department effectively and efficiently	G	–	–	–	–	–	–
Basic service delivery and infrastructure development	To promote and maintain a safe environment	H	8 963	10 386	10 386	10 406	10 194	10 503
Basic service delivery and infrastructure development	To lead and manage the Development Services Department effectively and efficiently	I	1	1	1	1	1	1
Basic service delivery and infrastructure development	To promote social development in the municipal area	J	223	218	218	218	–	–
Basic service delivery and infrastructure development	To ensure sound management of the urban and rural environment	K	1 977	1 808	1 808	1 898	1 992	2 091
Basic service delivery and infrastructure development	To promote an improved quality of life for all	L	2 022	2 197	2 197	2 307	2 422	2 543
Basic service delivery and infrastructure development	To provide effective and sustainable housing delivery and management	M	241	263	263	276	290	304
Institutional Development and Municipal Transformation	To lead and manage the Corporate Services Department effectively and efficiently	N	127	63	63	65	67	69
Institutional Development and Municipal Transformation	To ensure an effective and client orientated municipal administration	O	5 009	5 543	5 543	6 259	6 304	6 670
Institutional Development and Municipal Transformation	To promote a well-trained, motivated and professional workforce in a positive working environment	P	474	528	528	575	622	682
Financial viability and management	To lead and manage the Financial Services Department effectively and efficiently	Q	19 629	20 010	20 010	25 695	33 997	38 016
Financial viability and management	To ensure financial viability and sustainability	R	103 151	130 128	153 935	110 117	120 087	118 766
Good governance and community participation	To ensure an economical, effective, efficient and accountable organisation	S	3 074	3 195	3 195	4 019	4 196	4 382
Good governance and community participation	To ensure effective strategic management	T	–	–	–	–	–	–
Good governance and community participation	To ensure proper and up-to-date information communication technology systems and processes	U	–	–	56	–	–	–
Local economic development	To promote local economic development	V	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)			409 606	458 075	480 038	465 302	503 082	530 704

Table 23 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
Basic service delivery and infrastructure development	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	2 666	2 653	2 654	2 846	3 044	3 310
Basic service delivery and infrastructure development	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	123 652	140 624	141 794	145 392	153 847	165 328
Basic service delivery and infrastructure development	To provide an adequate and affordable cleaning services to the municipal area	C	21 810	23 774	24 418	26 963	28 550	30 531
Basic service delivery and infrastructure development	To ensure that council's building infrastructure is sufficient and properly maintained	D	12 095	9 413	9 422	9 051	9 467	9 336
Basic service delivery and infrastructure development	To lead and manage the Electrical Engineering Services Department effectively and efficiently	E	–	–	–	–	–	–
Basic service delivery and infrastructure development	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	151 918	161 662	168 120	183 743	198 013	213 438
Basic service delivery and infrastructure development	To lead and manage the Protection Services Department effectively and efficiently	G	1 214	1 245	1 273	1 397	1 554	1 602
Basic service delivery and infrastructure development	To promote and maintain a safe environment	H	24 150	25 608	26 449	27 139	28 877	31 214
Basic service delivery and infrastructure development	To lead and manage the Development Services Department effectively and efficiently	I	2 144	1 672	1 702	1 670	1 887	2 108
Basic service delivery and infrastructure development	To promote social development in the municipal area	J	1 748	2 348	2 350	2 476	2 721	2 871
Basic service delivery and infrastructure development	To ensure sound management of the urban and rural environment	K	5 775	5 799	5 799	8 676	7 801	7 045
Basic service delivery and infrastructure development	To promote an improved quality of life for all	L	2 061	1 973	2 019	2 299	2 413	2 626
Basic service delivery and infrastructure development	To provide effective and sustainable housing delivery and management	M	1 361	1 332	1 342	1 786	1 877	1 994
Institutional Development and Municipal Transformation	To lead and manage the Corporate Services Department effectively and efficiently	N	6 819	6 433	6 880	7 195	7 601	8 087
Institutional Development and Municipal Transformation	To ensure an effective and client orientated municipal administration	O	8 271	8 307	8 299	9 321	10 003	10 689
Institutional Development and Municipal Transformation	To promote a well-trained, motivated and professional workforce in a positive working environment	P	2 538	3 120	3 195	3 507	3 714	4 034
Financial viability and management	To lead and manage the Financial Services Department effectively and efficiently	Q	21 525	31 932	26 595	38 163	49 645	57 628
Financial viability and management	To ensure financial viability and sustainability	R	8 477	19 514	35 750	6 832	7 123	7 738
Good governance and community participation	To ensure an economical, effective, efficient and accountable organisation	S	13 082	16 801	16 350	17 773	18 679	19 719
Good governance and community participation	To ensure effective strategic management	T	–	–	–	–	–	–
Good governance and community participation	To ensure proper and up-to-date information communication technology systems and processes	U	–	5 898	–	–	–	–
Local economic development	To promote local economic development	V	–	–	–	–	–	–
Total Expenditure			411 305	470 108	484 411	496 232	536 814	579 300

Table 24 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
Basic service delivery and infrastructure development	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	166	109	109	114	120	126
Basic service delivery and infrastructure development	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	55 962	61 619	65 735	58 299	35 880	37 509
Basic service delivery and infrastructure development	To provide an adequate and affordable cleaning services to the municipal area	C	2 045	4 553	3 478	1 856	1 550	3 011
Basic service delivery and infrastructure development	To ensure that council's building infrastructure is sufficient and properly maintained	D	3 639	–	123	–	–	–
Basic service delivery and infrastructure development	To lead and manage the Electrical Engineering Services Department effectively and efficiently	E	–	–	–	–	–	–
Basic service delivery and infrastructure development	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	17 411	11 340	11 340	12 232	14 812	16 992
Basic service delivery and infrastructure development	To lead and manage the Protection Services Department effectively and efficiently	G	–	165	165	180	180	180
Basic service delivery and infrastructure development	To promote and maintain a safe environment	H	799	48	148	548	1 478	748
Basic service delivery and infrastructure development	To lead and manage the Development Services Department effectively and efficiently	I	32	148	148	168	170	173
Basic service delivery and infrastructure development	To promote social development in the municipal area	J	–	3 000	–	3 100	3 000	300
Basic service delivery and infrastructure development	To ensure sound management of the urban and rural environment	K	14	–	–	–	–	–
Basic service delivery and infrastructure development	To promote an improved quality of life for all	L	125	–	–	–	–	–
Basic service delivery and infrastructure development	To provide effective and sustainable housing delivery and management	M	5 404	–	5 574	896	7 589	–
Institutional Development and Municipal Transformation	To lead and manage the Corporate Services Department effectively and efficiently	N	162	25	25	1 326	28	629
Institutional Development and Municipal Transformation	To ensure an effective and client orientated municipal administration	O	70	403	403	490	36	30
Institutional Development and Municipal Transformation	To promote a well-trained, motivated and professional workforce in a positive working environment	P	–	–	–	–	–	–
Financial viability and management	To lead and manage the Financial Services Department effectively and efficiently	Q	145	29	1 866	1 030	2 532	2 804
Financial viability and management	To ensure financial viability and sustainability	R	–	–	–	–	–	–
Good governance and community participation	To ensure an economical, effective, efficient and accountable organisation	S	22	825	1 125	834	836	838
Good governance and community participation	To ensure effective strategic management	T	–	–	–	–	–	–
Good governance and community participation	To ensure proper and up-to-date information communication technology systems and processes	U	834	1 215	1 292	–	–	–
Local economic development	To promote local economic development	V	–	–	–	–	–	–
Total Capital Expenditure			86 828	83 480	91 531	81 074	68 210	63 339

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 25 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
A financial sustainable municipality with well maintained assets							
To lead and manage the Financial Services Department effectively and efficiently	Completion of project	150 922	28 967	28 967	30 416	31 937	303 533
To ensure Financial viability and sustainability	Completion of project	10 317	300 000	2 165 924	1 314 274	2 514 988	2 515 737
Satisfied, involved and well informed clients							
To lead and manage the Corporate Services Department effectively and efficiently	Completion of project	1 193 278	217 706	217 706	326 250	27 563	628 941
To ensure effective and client orientated municipal administration	Completion of project	72 000	403 000	403 000	1 790 400	36 000	30 000
Access to affordable and reliable municipal infrastructure							
To lead and manage the Civil Engineering Service Department effectively and efficiently	Completion of project	173 030	909 009	1 209 009	914 459	920 182	926 191
To provide adequate, affordable and well maintained civil engineering services to the municipal area	Completion of project	56 683 444	44 148 803	48 264 633	55 722 100	38 809 780	37 509 063
To provide an adequate and affordable cleaning services to the municipal area	Completion of project	2 055 721	4 553 340	3 477 511	455 584	1 549 700	3 010 900
To ensure that council's building infrastructure is sufficient and properly maintained	Completion of project	370 214	-	100 000	-	-	-
To lead and manage the Electrical Engineering Services Department effectively and efficiently	Completion of project	453 000	1 100 000	1 100 000	1 200 000	350 000	650 000
To provide adequate, affordable, safe and well maintained electricity to the municipal area	Completion of project	16 342 710	10 200 000	10 200 000	8 980 000	13 000 000	14 500 000
Sustainable development of the municipal area							
To lead and manage the Development Services Department effectively and efficiently	Completion of project	168 339	148 390	148 390	168 025	170 426	172 948
To promote social development in the municipal area	Completion of project	500 000	3 000 000	-	3 100 000	3 000 000	300 000
To ensure sound management of the urban and rural environment	Completion of project	525 423	320 000	320 000	2 136 000	352 800	370 440
To provide effective and sustainable housing delivery and management	Completion of project	6 650 000	17 470 000	23 044 361	895 952	4 404 400	-
A lean, integrated, stable and corruption free organisation							
To ensure economical, effective, efficient and accountable organisation	Completion of project	20 780	10 000	10 000	20 010	21 011	22 061
To ensure effective strategic management	Completion of project	285 328	472 556	472 556	275 000	-	-
To ensure proper and up-to-date information communication technology systems and processes	Completion of project	863 964	1 215 000	1 291 760	2 051 500	1 461 500	1 841 500
Increased community safety through traffic policing, by-law enforcement							
To promote and maintain a save environment	Completion of project	1 058 000	213 000	336 000	728 000	1 658 000	928 000

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF. (Derived from the National Treasury formats which is different from the Western Cape Provincial Treasury's formats).

Table 26 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Borrowing Management</u>							
Credit Rating		A3	A3	A3			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.7%	4.3%	4.2%	3.7%	3.4%	3.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.5%	5.6%	5.7%	4.8%	4.5%	4.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>							
Gearing	Long Term Borrowing/ Funds & Reserves	33543.9%	135.0%	32634.8%	31664.2%	30593.0%	29501.8%
<u>Liquidity</u>							
Current Ratio	Current assets/current liabilities	4.1	3.2	3.7	2.5	2.0	1.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4.1	3.2	3.7	2.5	2.0	1.7
Liquidity Ratio	Monetary Assets/Current Liabilities	3.3	2.3	2.8	1.8	1.4	1.1
<u>Revenue Management</u>							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	99.9%	100.2%	96.4%	95.9%	95.2%	95.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.2%	96.4%	95.9%	95.2%	95.0%	94.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.6%	13.8%	13.2%	14.4%	14.6%	14.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		20.9%	30.7%	26.1%	30.7%	33.4%	37.3%

Description of financial indicator	Basis of calculation	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Other Indicators</u>							
Electricity Distribution Losses (2)	Total Volume Losses (kW)	15 515 145	10 649 590	10 649 590	10 649 590	10 649 590	10 649 590
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated	8.60%	5.81%	5.81%	5.81%	5.81%	5.81%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	730 183	787 303	787 303	787 303	787 303	787 303
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated	14.02%	15.36%	15.36%	15.36%	15.36%	15.36%
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.6%	30.7%	30.2%	32.1%	32.1%	32.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.4%	32.6%	31.9%	34.0%	34.0%	34.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.1%	4.3%	4.3%	4.6%	4.6%	4.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	21.7%	21.5%	20.9%	20.9%	19.8%	19.6%
<u>IDP regulation financial viability indicators</u>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	21.3	22.4	22.4	26.7	30.3	32.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	15.6%	17.2%	17.3%	17.9%	18.2%	18.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	8.5	5.5	6.3	5.8	5.3	4.7

Performance indicators and benchmarks

1.9.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Swartland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 4,2 per cent in 2013/14 to 3,2 per cent in 2016/17. This

decrease can mainly be attributed to an increase in operating expenditure over the MTREF resulting in the ratio declining over the period.

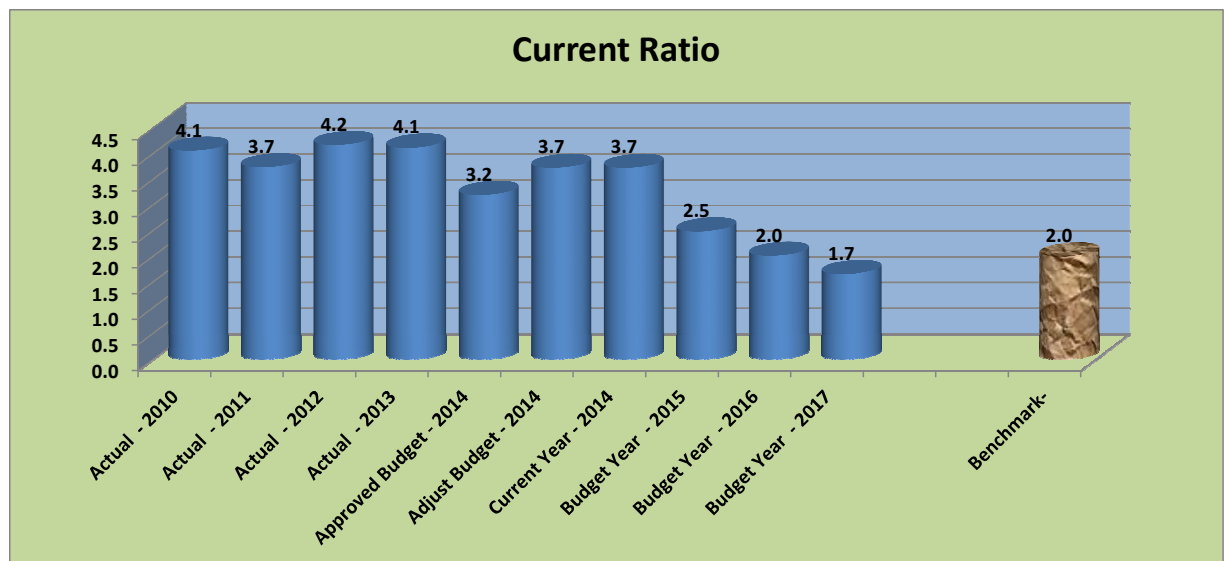
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality took up an external loan during 2011/2012 to finance a portion of the capital program over the MTREF, but is not intending to take up any further loans.

1.9.1.2 Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.9.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2. This ratio is not above this norm set for the entire MTREF as depicted below.



- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 2.8 and this ratio is projected to decline to 1.1 in 2016/17. Although these ratios are still considered to be healthy, the municipality should put in place measures to stem the downward trend in the liquidity ratio.

1.9.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favorable.

1.9.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice or statement. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business. **It must be noted that a significant portion of the municipality's cash position (R 54.7 million) is being "funded" by outstanding creditor accounts.**

1.9.1.6 Other Indicators

- The electricity distribution losses have been managed to be below the norm of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity.
- The water distribution losses are monitored on a monthly basis and have been kept at acceptable levels.
- Employee costs as a percentage of operating revenue remains relatively constant over the MTREF at approximately 30 per cent. As discussed previously in this report, the employee related costs at the municipality is in line with the benchmarks set in the Western Cape.
- Repairs and maintenance as percentage of operating revenue is decreasing owing directly to cost drivers such as bulk purchases and employee costs. However, as mentioned in this report, a large portion of capital expenditure is allocated to the renewal of existing assets.

1.10 Overview of budget related-policies

Councillors will know that the municipality is in process of reviewing selected policies and by-laws to ensure, inter alia, that:

- the owners of properties and not tenants, be held responsible and accountable for municipal rates, services fees, levies, by-law offences and the recovery of fines;
- the municipality is in possession of updated, enforceable, coherent, consolidated and synergistic by-laws allowing no uncertainty as to the respective obligations of the public and the municipality and which allow effective law enforcement;
- credit control and law enforcement measures are synchronized;
- double administration and administration costs are eliminated;
- true indigents are dealt with effectively.

The following process will be followed in order to adhere to the requirements of the Constitution, namely –

- First, a by-law must have the support of the majority of all the councillors;
- Second, the community must have enjoyed the opportunity to have its say with regard to that by-law.

The making of a by-law entails the following steps:

		<i>Proposed timeframes</i>
Step 1	<i>A draft by-law is prepared by a councillor or a Committee of the council and must be introduced in the council.</i>	<i>Part of tender process</i>
Step 2	<i>The council must consult with the community with regard to the draft by-law. It must at least publish the by-law for comment by the public.</i> <i>Note: the municipality may use the ward committees to discuss the merits of a draft by-law.</i>	<i>Placement of media advertisement on 1 April 2014. Period for comment until 25 April 2014.</i>
Step 3	<i>The by-law is introduced in and debated by the council. Before passing a by-law, a council that has an executive committee or executive mayor, must first require that committee or mayor to give a report and recommendation on the by-law.</i>	<i>To be tabled in Council on 29 May 2014, via Executive Mayoral Committee (meeting on 21 May 2014).</i>
Step 4	<i>The Municipal council votes on the by-law, which – in terms of the Constitution – is to be carried by the majority of all councillors.</i>	<i>Council meeting 29 May 2014.</i>
Step 5	<i>If passed by council, the by-law is published in the Provincial Gazette and becomes law on that date or a later date set in the by-law.</i>	<i>Effective from 1 July 2014.</i>

The following financial by-laws are included in the budget documents and will be made available to the community. A notice in this regard will further be published in the local press, and the draft by-laws will be made available at strategic municipal offices, as well as on the website:

- Credit Control and Debt Collection by-law
- Tariff by-law
- Property Rates by-law.

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.10.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings.

1.10.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.10.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

1.10.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in January 2006. An amendment to the policy was made in May 2011, May 2012 and May 2013. It will be considered by Council in due course of which the amendments will be extensively consulted on.

1.10.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in August 2009 and was amended on 16 February 2011 and 16 May 2012 in respect of both Operating and Capital Budget Fund Transfers.

1.10.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in January 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

Swartland Municipality strives to maintain a cost coverage ratio of 4 at all times, which is well above the norm in local government.

1.10.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website.

1.11 Overview of budget assumptions

1.11.1 External factors

After the publication of the Census 2011 data, it was revealed that the Swartland Municipality is listed as one of the top ten in terms of population growth. This, coupled with the high unemployment rate in South Africa could place enormous pressure on the revenue stream and especially the recovery rate of debtors. The recovery rate is currently 95 per cent.

1.11.2 General inflation outlook and its impact on the municipal activities

The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2014/15 MTREF.

Fiscal year	2012	2013	2014	2015	2015
	Actual	Estimate	Forecast		
CPI Inflation	5.7%	5.9%	5.6%	5.4%	5.4%

Source: Medium Term Budget Policy Statement 2013

A weak currency resulting in significant increases in the Rand price of imports (i.e. oil) is placing pressure on the CPI inflation rate.

1.11.3 Credit rating outlook

The credit outlook of South Africa remained under pressure. This could be attributed to the numerous violent protest actions in the various sectors of the South African economy. Most recently, the mining and agricultural sectors were negatively affected by these actions. This made South Africa less attractive to foreign investors and now, unlike in the past, South Africa is not seen as the most attractive investment country on the Africa continent.

Interest rates for borrowing and investment of funds

On 30 January 2014 the South African Reserve Bank increased its lending rate by 50 basis points. It is expected that interest rates will be increased further in the near future to ensure that inflation targets remain within the upper limits of 6 per cent.

1.11.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash inflow once the performance has been carefully monitored.

1.11.5 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.11.6 Salary increases

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2013 until 31 January 2014, plus 1 per cent for 2014/15 financial year (with effect of 1 July 2014).

Considering that municipalities will be preparing and finalising their respective 2014/15 MTREF for tabling as per the MFMA prior to the announcement of the final CPI for the relevant period, municipalities must provide for assumed budget growth as it relates to employee related costs.

In this regard municipalities were advised that the average CPI for the period November 2012 to October 2013 is 5.8 per cent which compares well to the estimate of 5.9 per cent for 2013 as provided for in the 2013 Medium Term Budget Policy Statement.

Municipalities were therefore advised by the National Treasury to provide for increases related to salaries and wages as follows:

2014/15 Financial Year – 6.8 per cent (5.8 per cent plus 1 per cent)
2015/16 Financial Year – 6.4 per cent (5.4 per cent plus 1 per cent)
2016/17 Financial Year – 6.4 per cent (5.4 per cent plus 1 per cent)

1.11.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.11.8 Ability of the municipality to spend and deliver on the programmes

It is estimated, based on prior year's performance and current spending trends, that both capital and operating expenditure will be no less than 95 per cent of the budgeted amounts.

1.12 Overview of budget funding

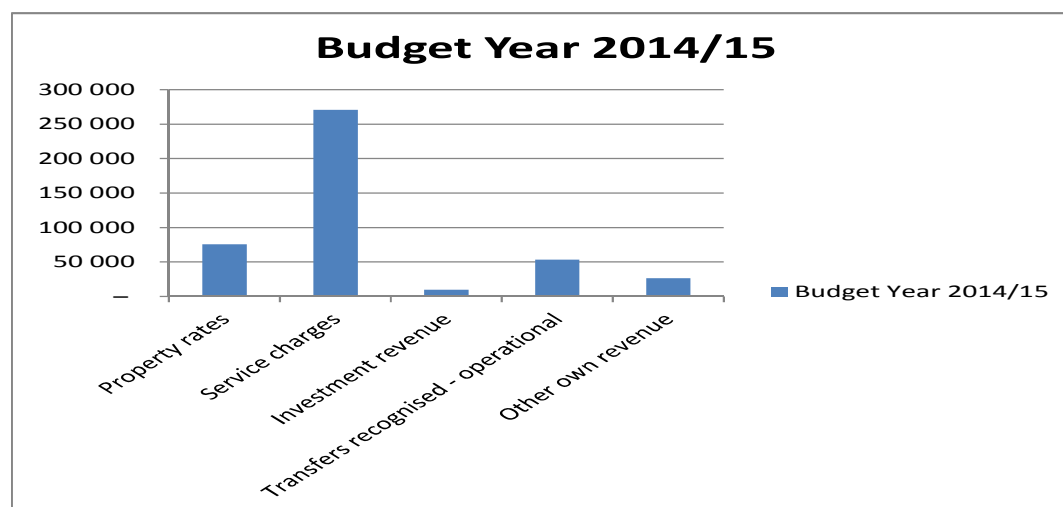
1.12.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description R thousands	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance								
Property rates	56 630	60 256	67 353	69 020	69 020	75 587	80 091	85 250
Service charges	179 534	210 669	237 564	255 968	254 068	270 902	289 348	310 049
Investment revenue	11 326	10 609	9 917	10 820	10 820	9 894	8 900	7 481
Transfers recognised - operational	40 026	39 749	40 483	53 629	70 038	53 427	63 805	73 292
Other own revenue	35 900	29 235	29 184	25 770	25 770	26 325	27 133	27 994
Total Revenue (excluding capital transfers and contributions)	323 417	350 517	384 501	415 207	429 715	436 136	469 277	504 066

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.

Figure 2 Breakdown of operating revenue over the 2014/15 MTREF



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

Investment revenue contributes marginally to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 27 MBRR SA15 – Detail Investment Information

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

Table 28 MBRR SA16 – Investment particulars by maturity

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

1.12.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 29 MBRR Table A7 - Budget cash flow statement

Description	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Ratepayers and other	332 539	337 811	334 207	354 705	376 523	398 754
Government - operating	38 924	53 629	69 468	53 427	63 805	73 292
Government - capital	24 567	42 868	45 101	53 105	52 583	48 478
Interest	9 917	10 820	10 820	11 165	10 231	8 874
Payments						
Suppliers and employees	(313 247)	(354 418)	(371 775)	(378 050)	(416 085)	(452 625)
Finance charges	(8 486)	(15 096)	(15 096)	(14 644)	(14 290)	(13 816)
Transfers and Grants	(1 293)	(2 083)	(2 083)	(2 083)	(2 115)	(2 133)
NET CASH FROM/(USED) OPERATING ACTIVITIES	82 922	73 530	70 641	77 624	70 652	60 823
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	1 550	200	200	200	200	200
Decrease (increase) other non-current receivables	60	24	24	24	24	24
Payments						
Capital assets	(86 828)	(83 480)	(91 531)	(81 074)	(68 210)	(63 339)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(85 218)	(83 256)	(91 306)	(80 850)	(67 987)	(63 115)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	82	–	–	–	–	–
Increase (decrease) in consumer deposits	–	472	316	505	540	578
Payments						
Repayment of borrowing	(6 868)	(5 301)	(5 326)	(3 752)	(4 094)	(4 518)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(6 785)	(4 829)	(5 010)	(3 247)	(3 553)	(3 940)
NET INCREASE/ (DECREASE) IN CASH HELD	(9 082)	(14 555)	(25 675)	(6 474)	(888)	(6 232)
Cash/cash equivalents at the year begin:	219 211	171 172	210 129	184 454	177 980	177 092
Cash/cash equivalents at the year end:	210 129	156 617	184 454	177 980	177 092	170 860

1.12.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 30 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand						
<u>Cash and investments available</u>						
Cash/cash equivalents at the year end	210 129	156 617	184 454	177 980	177 092	170 860
Cash and investments available:	210 129	156 617	184 454	177 980	177 092	170 860
<u>Application of cash and investments</u>						
Unspent conditional transfers	2 682	3 438	1 667	27 106	47 383	69 223
Other working capital requirements	(4 649)	(6 924)	(6 387)	(5 149)	(5 780)	(6 956)
Reserves to be backed by cash/investments	422	482	422	422	422	422
Total Application of cash and investments:	(1 545)	(3 005)	(4 299)	22 378	42 025	62 689
Surplus(shortfall)	211 674	159 622	188 753	155 602	135 067	108 171

From the above table it can be seen that the cash and investments available total R155.602 million in the 2014/15 financial year and remains relatively constant over the MTREF. Although the budget is still funded, there is a sharp decline in the surplus over the MTREF,

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is

- obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges.

1.12.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 31 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	1	95 403	219 211	210 129	156 617	184 454	177 980	177 092	170 860
Cash + investments at the yr end less applications - R'000	18(1)b	2	167 857	161 055	211 674	159 622	188 753	155 602	135 067	108 171
Cash year end/monthly employee/supplier payments	18(1)b	3	5.0	9.7	8.5	5.5	6.3	5.8	5.3	4.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	9 683	(17 079)	(1 699)	(12 033)	(4 373)	(30 930)	(33 732)	(48 596)
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	8.7%	6.5%	0.6%	(6.6%)	1.2%	0.6%	1.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	101.0%	99.9%	100.2%	96.4%	95.9%	95.2%	95.0%	94.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.6%	0.5%	0.4%	3.3%	3.3%	3.5%	3.9%	4.1%
Capital payments % of capital expenditure	18(1)c;19	8	99.0%	100.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	114.8%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10						76.2%	82.6%	82.1%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	6.5%	3.4%	17.6%	0.0%	10.7%	8.8%	10.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	79.6%	(13.3%)	61.1%	(41.6%)	(6.3%)	(6.7%)	(7.2%)
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.9%	0.9%	0.9%	1.0%	1.1%	1.1%	1.2%	1.2%
Asset renewal % of capital budget	20(1)(vi)	14	100.0%	100.0%	87.3%	62.8%	59.9%	80.5%	57.7%	77.5%

1.12.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

1.12.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.12.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As mentioned before, the municipality strives to maintain a ratio of 4.

1.12.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.12.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

1.12.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the

relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined when compared to actual results in 2012/2013. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.12.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 3.5, 3.9 and 4.1 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

1.12.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

1.12.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

1.12.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

1.12.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term

because the revenue budget is not being protected. Due to the use of a deemed cost for infrastructure valuations, this percentage seems very low.

1.12.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

1.13 Expenditure on grants and reconciliations of unspent funds

Table 32 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand						
EXPENDITURE:						
<u>Operating expenditure of Transfers and Grants</u>						
National Government:	29 739	35 696	35 724	46 690	57 957	67 093
Local Government Equitable Share	26 752	32 506	32 506	43 093	55 490	64 375
Municipal Systems Improvement	756	890	918	934	967	1 018
Finance Management	1 231	1 300	1 300	1 450	1 500	1 700
EPWP Incentive	1 000	1 000	1 000	1 213	–	–
Provincial Government:	10 541	17 933	34 109	6 597	5 848	6 199
Community Development: Workers	20	28	37	–	–	–
Housing	4 917	12 750	28 283	–	–	–
Libraries	4 500	4 759	4 759	5 319	5 848	6 199
Proclaimed Roads Subsidy	172	178	178	1 060	–	–
Housing Consumer Education Grant	7	–	20	–	–	–
Financial Management Support Grant	421	–	558	–	–	–
Sondeza	100	–	–	–	–	–
Performance Management	–	–	56	–	–	–
Ilinge Lethu Centre	218	218	218	218	–	–
Upgrading of netball courts	186	–	–	–	–	–
<i>Cleanest Town</i>	94	–	81	–	–	–
<i>Disaster Fund</i>	109	–	124	140	–	–
Total operating expenditure of Transfers and Grants:	40 483	53 629	70 038	53 427	63 805	73 292
<u>Capital expenditure of Transfers and Grants</u>						
National Government:	17 545	22 395	22 395	23 918	26 872	26 638
Municipal Infrastructure Grant (MIG)	14 525	17 395	17 395	19 918	20 872	21 638
Energy Efficiency and Demand Side Management Grant	–	5 000	5 000	4 000	6 000	5 000
ACIP Water conservation	3 020	–	–	–	–	–
Provincial Government:	6 926	19 623	22 197	3 748	5 433	–
Human Settlements	6 426	18 760	21 334	3 100	5 433	–
Ilinge Lethu Centre	500	–	–	–	–	–
PAWK: Sport and Recreation	–	–	–	150	–	–
Libraries	–	355	355	498	–	–
Pedestrian Pathways: Darling (Phase 2)	–	508	508	–	–	–
ECD	–	–	–	–	–	–
Other grant providers:	484	850	955	–	–	–
<i>Lotto</i>	484	850	955	–	–	–
Total capital expenditure of Transfers and Grants	24 955	42 868	45 547	27 666	32 305	26 638
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	65 437	96 497	115 585	81 093	96 110	99 930

Table 33 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand						
Operating transfers and grants:						
National Government:						
Balance unspent at beginning of the year	–	–	28	–	–	–
Current year receipts	29 802	35 696	35 696	46 690	57 957	67 093
Transfer to/from Debtors	(35)	–	–	–	–	–
Conditions met - transferred to revenue	29 739	35 696	35 724	46 690	57 957	67 093
Conditions still to be met - transferred to liabilities	28	–	–	–	–	–
Provincial Government:						
Balance unspent at beginning of the year	3 099	2 932	1 521	1 010	1 010	1 010
Current year receipts	8 948	17 933	33 722	6 597	5 848	6 199
Conditions met - transferred to revenue	10 526	17 933	34 233	6 597	5 848	6 199
Conditions still to be met - transferred to liabilities	1 521	2 932	1 010	1 010	1 010	1 010
Other grant providers:						
Balance unspent at beginning of the year	76	–	31	–	–	–
Current year receipts	174	–	50	140	–	–
Conditions met - transferred to revenue	218	–	81	140	–	–
Conditions still to be met - transferred to liabilities	31	–	–	–	–	–
Total operating transfers and grants revenue	40 483	53 629	70 038	53 427	63 805	73 292
Total operating transfers and grants - CTBM	1 580	2 932	1 010	1 010	1 010	1 010
Capital transfers and grants:						
National Government:						
Balance unspent at beginning of the year	–	–	404	404	404	404
Current year receipts	17 948	22 395	22 395	23 918	26 872	28 638
Conditions met - transferred to revenue	17 545	22 395	22 395	23 918	26 872	26 638
Conditions still to be met - transferred to liabilities	404	–	404	404	404	2 404
Provincial Government:						
Balance unspent at beginning of the year	500	–	–	–	25 439	45 717
Current year receipts	6 426	19 623	22 197	29 187	25 711	19 840
Conditions met - transferred to revenue	6 926	19 623	22 197	3 748	5 433	–
Conditions still to be met - transferred to liabilities	–	–	–	25 439	45 717	65 557
Other grant providers:						
Balance unspent at beginning of the year	990	506	699	253	253	253
Current year receipts	193	850	509	–	–	–
Conditions met - transferred to revenue	484	850	955	–	–	–
Conditions still to be met - transferred to liabilities	699	506	253	253	253	253
Total capital transfers and grants revenue	24 955	42 868	45 547	27 666	32 305	26 638
Total capital transfers and grants - CTBM	1 102	506	656	26 095	46 373	68 213
TOTAL TRANSFERS AND GRANTS REVENUE	65 437	96 497	115 585	81 093	96 110	99 930
TOTAL TRANSFERS AND GRANTS - CTBM	2 682	3 438	1 667	27 106	47 383	69 223

1.14 Allocations and Grants made by the municipality

The following cash allocations are provided for in the proposed budget of the municipality:

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Transfers to Organisations								
<i>Darling Focus</i>	–	40	40	40	40	40	40	40
<i>Darling Renosterveld en Groenkloof</i>	–	–	–	10	10	10	10	10
<i>Donation: Huis van Heerde</i>	25	25	25	25	25	25	25	25
<i>Donation: SPCA</i>	169	169	169	169	169	169	169	169
<i>ECD Centres</i>	–	40	–	40	40	40	40	40
<i>Elkana Child Care</i>	–	45	45	45	45	45	45	45
<i>Multipurpose Centre: Illinge Lethu</i>	30	42	38	40	40	40	40	40
<i>Multipurpose Centre: Kalbaskraal</i>	2	4	26	30	30	30	30	30
<i>Multipurpose Centre: Moortreesburg</i>	20	–	40	40	40	40	40	40
<i>Museum - Malmesbury</i>	41	41	45	45	45	45	45	50
<i>Museum: Darling</i>	41	41	45	45	45	45	45	50
<i>Museum: Oude Kerk</i>	41	41	45	45	45	45	45	50
<i>Museum: Wheat Industry</i>	41	41	45	45	45	45	45	50
<i>Night Shelter</i>	25	25	25	25	25	25	25	25
<i>Old Age Homes</i>	–	–	–	680	680	680	680	680
<i>Ons Kan Training Centre</i>	20	20	20	20	20	20	20	20
<i>Paardeberg</i>	–	–	–	25	25	25	25	25
<i>Yzerfontein Conservancy</i>	50	50	50	50	50	50	50	50
<i>National Sea Rescue Institute (NSRI)</i>	–	30	–	30	30	30	30	30
<i>Tourism: Swartland Coast</i>	578	576	634	634	634	634	665	665
Total Cash Transfers To Organisations	1 084	1 231	1 293	2 083	2 083	2 083	2 115	2 133
TOTAL CASH TRANSFERS AND GRANTS	1 084	1 231	1 293	2 083	2 083	2 083	2 115	2 133
TOTAL TRANSFERS AND GRANTS	1 084	1 231	1 293	2 083	2 083	2 083	2 115	2 133

1.15 Councilor and employee benefits

Table 34 MBRR SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Councillors (Political Office Bearers plus Other)						
Basic Salaries and Wages	3 919	4 969	4 657	5 108	5 412	5 735
Pension and UIF Contributions	588	693	693	761	761	807
Medical Aid Contributions	334	198	198	238	252	268
Motor Vehicle Allowance	1 533	1 641	1 641	1 796	1 904	2 018
Cellphone Allowance	329	337	337	385	408	432
Sub Total - Councillors	6 703	7 839	7 526	8 288	8 737	9 259
% increase	1.3%	16.9%	(4.0%)	10.1%	5.4%	6.0%
Senior Managers of the Municipality						
Basic Salaries and Wages	4 723	4 501	4 501	5 082	5 498	5 932
Pension and UIF Contributions	845	1 022	1 022	1 151	1 219	1 291
Medical Aid Contributions	329	268	268	283	308	336
Motor Vehicle Allowance	1 080	1 007	1 007	949	1 006	1 066
Other benefits and allowances	196	374	374	436	325	350
Long service awards	212	101	101	58	42	–
Sub Total - Senior Managers of Municipality	7 385	7 273	7 273	7 957	8 398	8 975
% increase	16.2%	(1.5%)	–	9.4%	5.5%	6.9%
Other Municipal Staff						
Basic Salaries and Wages	71 555	83 253	83 420	87 648	94 811	102 753
Pension and UIF Contributions	11 621	13 186	13 186	13 824	14 632	15 447
Medical Aid Contributions	5 071	5 322	5 322	6 218	6 778	7 388
Overtime	4 214	3 045	4 563	4 562	4 881	5 223
Motor Vehicle Allowance	5 248	6 009	6 009	6 136	6 441	6 623
Housing Allowances	441	509	509	407	444	471
Other benefits and allowances	5 446	5 777	6 186	6 320	6 873	7 320
Payments in lieu of leave	602	1 408	1 408	1 478	1 552	1 630
Long service awards	2 911	430	430	703	477	1 037
Post-retirement benefit obligations	10 957	1 287	1 287	4 910	5 294	5 742
Sub Total - Other Municipal Staff	118 065	120 226	122 320	132 207	142 185	153 633
% increase	13.3%	1.8%	1.7%	8.1%	7.5%	8.1%
TOTAL SALARY, ALLOWANCES & BENEFITS	132 153	135 338	137 119	148 452	159 320	171 868
% increase	12.8%	2.4%	1.3%	8.3%	7.3%	7.9%
TOTAL MANAGERS AND STAFF	125 450	127 499	129 593	140 164	150 582	162 608

Table 35 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum						
Councillors						
Speaker	343 050	86 089	165 199			594 338
Chief Whip	–	–	–			–
Executive Mayor	486 540	85 141	212 714			784 395
Deputy Executive Mayor	386 880	70 765	174 702			632 347
Executive Committee	1 422 420	294 111	660 796			2 377 326
Total for all other councillors	2 434 390	497 514	967 350			3 899 254
Total Councillors	5 073 280	1 033 620	2 180 760			8 287 660
Senior Managers of the Municipality						
Municipal Manager (MM)	976 054	425 638	185 000	–		1 586 692
Chief Finance Officer	645 640	291 744	185 000	–		1 122 384
Director: Corporate Services	718 828	191 800	117 683	–		1 028 311
Director: Development Services	678 847	253 371	120 033	–		1 052 250
Director: Civil Services	755 557	196 786	84 945	–		1 037 288
Director: Electrical Services	663 324	258 389	148 138	–		1 069 851
Director: Protection Services	643 312	251 290	165 453	–		1 060 055
Total Senior Managers of the Municipality	5 081 562	1 869 017	1 006 251	–		7 956 830

Table 36 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	23	7	16	23	7	16	23	7	16
Municipal employees									
Municipal Manager and Senior Managers	7	7	–	7	7	–	7	7	–
Professionals	23	22	–	24	23	–	24	24	–
<i>Finance</i>	5	4	–	5	4	–	5	5	–
<i>Spatial/town planning</i>	3	3	–	4	4	–	4	4	–
<i>Information Technology</i>	2	2	–	2	2	–	2	2	–
<i>Electricity</i>	2	2	–	2	2	–	2	2	–
<i>Water</i>	1	1	–	1	1	–	1	1	–
<i>Refuse</i>	1	1	–	1	1	–	1	1	–
<i>Other</i>	9	9	–	9	9	–	9	9	–
Technicians	27	27	–	32	31	–	32	32	–
<i>Spatial/town planning</i>	5	5	–	5	5	–	5	5	–
<i>Information Technology</i>	1	1	–	2	2	–	2	2	–
<i>Roads</i>	2	2	–	2	2	–	2	2	–
<i>Electricity</i>	5	5	–	5	5	–	5	5	–
<i>Water</i>	3	3	–	3	3	–	3	3	–
<i>Sanitation</i>	2	2	–	2	2	–	2	2	–
<i>Refuse</i>	2	2	–	2	2	–	2	2	–
<i>Other</i>	7	7	–	11	10	–	11	11	–
Clerks (Clerical and administrative)	114	109	–	112	106	–	112	112	–
Service and sales workers	75	69	–	69	64	–	69	64	–
Skilled agricultural and fishery workers	1	1	–	1	1	–	1	1	–
Craft and related trades	32	32	–	32	31	–	32	32	–
Plant and Machine Operators	42	42	–	42	41	–	42	42	–
Elementary Occupations	241	228	–	242	225	–	242	235	–
TOTAL PERSONNEL NUMBERS	585	544	16	584	536	16	584	556	16
% increase				(0.2%)	(1.5%)	–	–	3.7%	–
Total municipal employees headcount	585	544	16	584	536	16	584	556	16
Finance personnel headcount	74	69	–	73	68	–	73	73	–
Human Resources personnel headcount	5	5	–	5	5	–	5	5	–

1.16 Monthly targets for revenue, expenditure and cash flow

Table 37 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
Revenue By Source															
Property rates	6 048	6 801	6 048	6 801	6 048	6 048	6 801	6 048	6 048	6 048	6 048	6 801	75 587	80 091	85 250
Service charges - electricity revenue	17 089	15 087	15 087	15 087	17 089	17 089	17 089	15 087	15 087	15 087	15 087	15 087	189 053	200 049	212 657
Service charges - water revenue	2 767	2 369	2 369	2 369	2 767	3 166	3 565	3 565	3 565	2 767	2 767	2 767	34 803	36 775	38 797
Service charges - sanitation revenue	2 489	2 110	2 110	2 489	2 489	2 110	2 110	2 110	2 110	2 110	2 110	2 489	26 837	30 988	35 753
Service charges - refuse revenue	1 861	1 596	1 596	1 596	1 596	1 861	1 861	1 728	1 728	1 596	1 596	1 596	20 210	21 536	22 842
Rental of facilities and equipment	271	271	271	271	271	271	271	271	271	271	271	271	3 252	3 414	3 586
Interest earned - external investments	825	825	825	825	825	825	825	825	825	825	825	825	9 894	8 900	7 481
Interest earned - outstanding debtors	112	112	112	112	112	112	112	112	112	112	112	112	1 340	1 407	1 477
Fines	337	337	337	337	337	337	337	337	337	337	337	337	4 041	4 042	4 043
Licences and permits	263	263	263	263	263	263	263	263	263	263	263	263	3 157	3 315	3 481
Agency services	222	222	222	222	222	222	222	222	222	222	222	222	2 666	2 799	2 939
Transfers recognised - operating	18 111	12	12	12	14 232	12	12	12	10 785	12	12	10 205	53 427	63 805	73 292
Other revenue	972	972	972	972	972	972	972	972	972	972	972	972	11 670	11 956	12 267
Gains on disposal of PPE	-	-	-	-	-	200	-	-	-	-	-	-	200	200	200
Total Revenue (excluding capital transfers and contributions)	51 368	30 975	30 222	31 355	47 224	33 488	34 440	31 551	42 325	30 621	30 621	41 947	436 136	469 277	504 066
Expenditure By Type															
Employee related costs	11 634	11 668	11 781	11 665	11 668	11 636	11 668	11 778	11 661	11 696	11 663	11 646	140 164	150 582	162 608
Remuneration of councillors	594	594	594	594	594	594	787	787	787	787	787	787	8 288	8 737	9 259
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	12 113	12 113	14 491	16 170
Depreciation & asset impairment	6 387	6 387	6 387	6 387	6 387	6 387	6 387	6 387	6 387	6 387	6 387	6 387	76 645	78 777	84 808
Finance charges	2	2	2	2	2	7 322	2	2	2	2	2	7 298	14 644	14 290	13 816
Bulk purchases	-	23 169	16 573	14 214	11 401	11 381	9 433	11 704	13 472	9 406	11 355	29 503	161 610	175 830	192 465
Contracted services	335	335	335	335	335	335	335	335	335	335	335	335	4 026	4 315	4 665
Transfers and grants	174	174	174	174	174	174	174	174	174	174	174	174	2 083	2 115	2 133
Other expenditure	6 210	6 210	6 210	6 210	6 210	6 210	6 210	6 210	6 210	6 210	6 210	6 210	74 514	85 426	91 011
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	2 144	2 144	2 251	2 364
Total Expenditure	25 336	48 540	42 056	39 581	36 771	44 038	34 997	37 377	39 029	34 998	36 913	76 597	496 232	536 814	579 300
Surplus/(Deficit)	26 032	(17 564)	(11 834)	(8 227)	10 453	(10 550)	(558)	(5 825)	3 296	(4 377)	(6 292)	(34 650)	(60 096)	(67 537)	(75 234)
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	27 666	27 666	32 305	26 638
Contributions recognised - capital	125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 500	-
Surplus/(Deficit)	26 157	(17 439)	(11 709)	(8 102)	10 578	(10 425)	(433)	(5 700)	3 421	(4 252)	(6 167)	(6 858)	(30 930)	(33 732)	(48 596)

Table 38 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote															
Vote 1 - Corporate Services	90	90	90	90	90	90	90	90	90	90	90	5 907	6 899	6 993	7 421
Vote 2 - Civil Services	16 454	6 744	6 744	7 123	14 331	7 807	8 206	8 073	13 231	7 143	7 143	9 288	112 288	120 444	131 285
Vote 3 - Council	1 816	139	139	139	1 457	139	139	139	1 137	139	139	28 241	33 761	38 968	32 038
Vote 4 - Electricity Services	17 824	15 126	15 126	15 126	17 675	17 128	17 128	15 126	15 540	15 126	15 126	15 126	191 178	202 467	215 392
Vote 5 - Financial Services	14 110	7 803	7 050	7 803	12 597	7 250	7 803	7 050	11 252	7 050	7 050	9 253	106 070	119 311	129 126
Vote 6 - Development Services	373	373	373	373	373	373	373	373	373	373	373	591	4 699	4 705	4 939
Vote 7 - Municipal Manager	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Protection Services	825	825	825	825	825	825	825	825	825	825	825	1 332	10 406	10 194	10 503
Total Revenue by Vote	51 493	31 100	30 347	31 480	47 349	33 613	34 565	31 676	42 450	30 746	30 746	69 738	465 302	503 082	530 704
Expenditure by Vote to be appropriated															
Vote 1 - Corporate Services	1 657	1 679	1 651	1 651	1 666	1 651	1 680	1 753	1 651	1 661	1 674	1 651	20 024	21 318	22 810
Vote 2 - Civil Services	12 009	13 470	13 431	13 373	13 508	20 737	14 002	14 458	14 399	13 986	13 810	27 068	184 253	194 908	208 506
Vote 3 - Council	1 097	1 097	1 097	1 097	1 097	1 097	1 291	1 291	1 291	1 291	1 291	1 291	14 327	14 844	15 627
Vote 4 - Electricity Services	3 361	25 087	18 534	16 254	13 275	13 316	10 810	12 668	14 461	10 819	12 915	32 243	183 743	198 013	213 438
Vote 5 - Financial Services	3 059	3 054	3 175	3 054	3 054	3 054	3 054	3 054	3 075	3 078	3 071	10 140	43 921	55 801	64 348
Vote 6 - Development Services	1 403	1 403	1 403	1 403	1 403	1 414	1 403	1 403	1 403	1 414	1 403	1 454	16 907	16 698	16 644
Vote 7 - Municipal Manager	377	377	377	377	377	377	377	377	377	377	377	377	4 520	4 802	5 111
Vote 8 - Protection Services	2 373	2 373	2 388	2 373	2 392	2 393	2 382	2 373	2 373	2 373	2 373	2 373	28 537	30 430	32 816
Total Expenditure by Vote	25 336	48 540	42 056	39 581	36 771	44 038	34 997	37 377	39 029	34 998	36 913	76 597	496 232	536 814	579 300
Surplus/(Deficit)	26 157	(17 439)	(11 709)	(8 102)	10 578	(10 425)	(433)	(5 700)	3 421	(4 252)	(6 167)	(6 858)	(30 930)	(33 732)	(48 596)

Table 39 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard															
<i>Governance and administration</i>	16 022	8 038	7 285	8 038	14 150	7 485	8 038	7 285	12 486	7 285	7 285	37 607	141 006	159 515	162 494
Executive and council	1 816	139	139	139	1 457	139	139	139	1 137	139	139	28 241	33 761	38 968	32 038
Budget and treasury office	14 110	7 803	7 050	7 803	12 597	7 250	7 803	7 050	11 252	7 050	7 050	9 253	106 070	119 311	129 126
Corporate services	96	96	96	96	96	96	96	96	96	96	96	114	1 175	1 236	1 330
<i>Community and public safety</i>	647	647	647	647	647	647	647	647	647	647	647	7 463	14 585	13 782	14 306
Community and social services	69	69	69	69	69	69	69	69	69	69	69	6 104	6 868	6 700	7 071
Sport and recreation	217	217	217	217	217	217	217	217	217	217	217	491	2 881	2 738	2 874
Public safety	338	338	338	338	338	338	338	338	338	338	338	845	4 560	4 055	4 057
Housing	23	23	23	23	23	23	23	23	23	23	23	23	276	290	304
<i>Economic and environmental services</i>	659	659	659	659	659	659	659	659	659	659	659	1 769	9 021	8 304	8 716
Planning and development	158	158	158	158	158	158	158	158	158	158	158	158	1 898	1 992	2 091
Road transport	501	501	501	501	501	501	501	501	501	501	501	1 611	7 123	6 312	6 625
<i>Trading services</i>	34 162	21 754	21 754	22 133	31 890	24 819	25 218	23 083	28 655	22 152	22 152	22 897	300 669	321 458	345 165
Electricity	17 824	15 126	15 126	15 126	17 675	17 128	17 128	15 126	15 540	15 126	15 126	15 126	191 178	202 467	215 392
Water	4 133	2 511	2 511	2 511	3 870	3 308	3 707	3 707	4 435	2 909	2 909	2 909	39 418	42 096	44 969
Waste water management	7 559	2 374	2 374	2 753	6 529	2 374	2 374	2 374	5 234	2 374	2 374	2 791	41 481	46 438	52 079
Waste management	4 646	1 744	1 744	1 744	3 815	2 009	2 009	1 876	3 446	1 744	1 744	2 071	28 591	30 457	32 724
<i>Other</i>	2	2	2	2	2	2	2	2	2	2	2	2	21	22	23
Total Revenue - Standard	51 493	31 100	30 347	31 480	47 349	33 613	34 565	31 676	42 450	30 746	30 746	69 738	465 302	503 082	530 704
Expenditure - Standard															
<i>Governance and administration</i>	6 748	6 780	6 870	6 748	6 746	7 203	6 939	7 014	6 962	6 963	6 980	14 482	90 433	105 071	116 145
Executive and council	1 474	1 474	1 474	1 474	1 474	1 474	1 667	1 667	1 667	1 667	1 667	1 667	18 847	19 646	20 737
Budget and treasury office	3 059	3 054	3 175	3 054	3 054	3 054	3 054	3 054	3 075	3 078	3 071	10 140	43 921	55 801	64 348
Corporate services	2 215	2 252	2 221	2 220	2 219	2 675	2 218	2 293	2 219	2 218	2 241	2 674	27 666	29 624	31 060
<i>Community and public safety</i>	4 452	4 446	4 461	4 482	4 479	4 539	4 483	4 496	4 456	4 474	4 452	4 566	53 786	56 764	60 774
Community and social services	1 156	1 150	1 150	1 150	1 165	1 150	1 179	1 190	1 150	1 160	1 150	1 150	13 904	15 084	16 248
Sport and recreation	1 343	1 343	1 358	1 379	1 343	1 416	1 343	1 353	1 353	1 361	1 349	1 412	16 353	16 604	17 641
Public safety	1 808	1 808	1 808	1 808	1 827	1 828	1 817	1 808	1 808	1 808	1 808	1 808	21 743	23 199	24 892
Housing	145	145	145	145	145	145	145	145	145	145	145	196	1 786	1 877	1 994
<i>Economic and environmental services</i>	5 266	5 335	5 330	5 301	5 293	5 701	5 286	5 291	5 302	5 286	5 292	5 754	64 437	66 865	68 167
Planning and development	960	960	960	960	960	960	960	960	960	960	960	960	11 522	10 844	10 356
Road transport	4 306	4 374	4 369	4 341	4 333	4 741	4 326	4 331	4 342	4 326	4 332	4 793	52 914	56 021	57 811
<i>Trading services</i>	8 788	31 897	25 312	22 967	20 169	26 513	18 206	20 492	22 225	18 192	20 107	51 712	286 580	307 056	333 125
Electricity	2 702	24 428	17 875	15 594	12 616	12 657	10 150	12 009	13 801	10 160	12 255	31 584	175 831	189 171	203 835
Water	1 981	3 338	3 311	3 248	3 432	3 816	3 932	4 335	4 302	3 895	3 738	6 952	46 278	50 645	56 653
Waste water management	1 988	2 020	2 010	2 007	2 002	7 924	1 999	2 002	2 004	2 006	2 002	9 544	37 507	38 692	42 105
Waste management	2 117	2 111	2 117	2 118	2 119	2 115	2 125	2 147	2 118	2 132	2 111	3 633	26 963	28 550	30 531
<i>Other</i>	83	83	83	83	83	83	83	83	83	83	83	83	996	1 057	1 088
Total Expenditure - Standard	25 336	48 540	42 056	39 581	36 771	44 038	34 997	37 377	39 029	34 998	36 913	76 597	496 232	536 814	579 300
Surplus/(Deficit)	26 157	(17 439)	(11 709)	(8 102)	10 578	(10 425)	(433)	(5 700)	3 421	(4 252)	(6 167)	(6 858)	(30 930)	(33 732)	(48 596)

Table 40 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Multi-year expenditure to be appropriated															
Vote 1 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Civil Services	3 412	3 412	3 412	3 412	3 412	3 412	3 412	3 412	3 412	3 412	3 412	3 425	40 954	3 910	5 545
Vote 3 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Electricity Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Financial Services	-	-	-	-	350	-	-	-	-	350	300	-	1 000	2 500	2 500
Vote 6 - Development Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3 412	3 412	3 412	3 412	3 762	3 412	3 412	3 412	3 412	3 762	3 712	3 425	41 954	6 410	8 045
Single-year expenditure to be appropriated															
Vote 1 - Corporate Services	-	-	3	-	17	-	10	23	49	465	-	1 250	1 817	64	659
Vote 2 - Civil Services	7	425	507	1 648	2 230	3 460	2 574	1 743	1 879	1 544	1 900	1 401	19 316	33 640	35 101
Vote 3 - Council	-	-	-	4	-	-	4	-	4	-	804	0	814	815	816
Vote 4 - Electricity Services	108	333	708	303	133	1 583	3 937	307	1 827	1 147	832	1 013	12 232	14 812	16 992
Vote 5 - Financial Services	3	3	3	3	3	3	3	3	3	3	3	3	30	32	304
Vote 6 - Development Services	910	14	14	34	14	454	454	454	454	454	454	454	4 164	10 760	473
Vote 7 - Municipal Manager	-	-	-	6	-	-	6	-	6	-	4	0	20	21	22
Vote 8 - Protection Services	-	25	25	525	25	25	25	25	25	28	-	-	728	1 658	928
Capital single-year expenditure sub-total	1 027	799	1 260	2 521	2 421	5 525	7 011	2 554	4 246	3 640	3 996	4 120	39 120	61 800	55 294
Total Capital Expenditure	4 439	4 211	4 671	5 933	6 183	8 936	10 423	5 966	7 658	7 402	7 708	7 545	81 074	68 210	63 339

Table 41 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
Capital Expenditure - Standard															
<i>Governance and administration</i>	3	3	3	12	370	3	22	26	22	817	1 110	1 253	3 639	3 395	4 270
Executive and council	–	–	–	9	–	–	9	–	9	–	807	0	834	836	838
Budget and treasury office	3	3	3	3	353	3	3	3	3	353	303	3	1 030	2 532	2 804
Corporate services	–	–	–	–	17	–	10	23	10	465	–	1 250	1 775	28	629
<i>Community and public safety</i>	910	39	63	680	60	700	834	715	1 004	503	604	454	6 566	16 705	4 866
Community and social services	14	14	17	34	14	454	454	454	493	454	454	454	3 310	3 206	503
Sport and recreation	–	–	21	121	21	221	355	236	486	21	150	–	1 632	4 251	3 435
Public safety	–	25	25	525	25	25	25	25	25	28	–	–	728	1 658	928
Housing	896	–	–	–	–	–	–	–	–	–	–	0	896	7 589	–
<i>Economic and environmental services</i>	7	425	273	1 314	996	1 314	896	1 294	896	1 314	1 325	1 201	11 249	16 964	20 560
Planning and development	–	–	16	14	14	14	14	14	14	14	–	–	114	120	126
Road transport	7	425	257	1 300	982	1 300	882	1 280	882	1 300	1 325	1 201	11 135	16 843	20 433
<i>Trading services</i>	3 520	3 745	4 333	3 928	4 758	6 920	8 672	3 932	5 737	4 768	4 669	4 638	59 619	31 147	33 643
Electricity	108	333	708	303	133	1 583	3 937	307	1 827	1 147	832	1 013	12 232	14 812	16 992
Water	–	–	205	205	205	205	665	205	465	205	378	200	2 939	9 142	8 008
Waste water management	3 412	3 412	3 416	3 416	3 416	4 728	3 666	3 416	3 416	3 413	3 459	3 425	42 593	5 643	5 632
Waste management	–	–	4	4	1 004	404	404	4	29	3	–	–	1 856	1 550	3 011
Total Capital Expenditure - Standard	4 439	4 211	4 671	5 933	6 183	8 936	10 423	5 966	7 658	7 402	7 708	7 545	81 074	68 210	63 339
Funded by:															
National Government	1 509	1 709	1 709	1 709	1 709	1 709	1 709	1 709	3 209	2 409	2 407	2 422	23 918	26 872	26 638
Provincial Government	–	–	–	20	10	440	450	450	600	898	440	440	3 748	5 433	–
Transfers recognised - capital	1 509	1 709	1 709	1 729	1 719	2 149	2 159	2 159	3 809	3 307	2 847	2 862	27 666	32 305	26 638
Public contributions & donations	125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 500	–
Internally generated funds	2 805	2 377	2 837	4 079	4 339	6 662	8 139	3 682	3 724	3 970	4 735	4 558	51 908	34 405	36 701
Total Capital Funding	4 439	4 211	4 671	5 933	6 183	8 936	10 423	5 966	7 658	7 402	7 708	7 545	81 074	68 210	63 339

Table 42 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
Cash Receipts By Source															
Property rates	6 048	6 801	6 048	6 801	6 048	6 048	6 801	6 048	6 048	6 048	6 048	2 896	71 682	75 807	80 364
Service charges - electricity revenue	17 089	15 087	15 087	15 087	17 089	17 089	17 089	15 087	15 087	15 087	15 087	5 319	179 285	189 350	200 469
Service charges - water revenue	2 767	2 369	2 369	2 369	2 767	3 166	3 565	3 565	3 565	2 767	2 767	969	33 005	34 808	36 573
Service charges - sanitation revenue	2 489	2 110	2 110	2 489	2 489	2 489	2 110	2 110	2 110	2 110	2 110	1 103	25 450	29 331	33 703
Service charges - refuse revenue	1 861	1 596	1 596	1 596	1 596	1 861	1 861	1 728	1 728	1 596	1 596	551	19 166	20 384	21 533
Rental of facilities and equipment	271	271	271	271	271	271	271	271	271	271	271	103	3 084	3 232	3 380
Interest earned - external investments	825	825	825	825	825	825	825	825	825	825	825	825	9 894	8 900	7 481
Interest earned - outstanding debtors	112	112	112	112	112	112	112	112	112	112	112	42	1 271	1 332	1 392
Fines	337	337	337	337	337	337	337	337	337	337	337	337	4 041	4 042	4 043
Licences and permits	263	263	263	263	263	263	263	263	263	263	263	263	3 157	3 315	3 481
Agency services	222	222	222	222	222	222	222	222	222	222	222	222	2 666	2 799	2 939
Transfer receipts - operational	18 111	12	12	12	14 232	12	12	12	10 785	12	12	10 205	53 427	63 805	73 292
Other revenue	972	972	972	972	972	972	972	972	972	972	972	972	11 670	11 956	12 267
Cash Receipts by Source	51 368	30 975	30 222	31 355	47 224	33 288	34 440	31 551	42 325	30 621	30 621	23 808	417 797	449 059	480 920
Other Cash Flows by Source															
Transfer receipts - capital	—	—	—	—	—	—	—	—	—	—	—	53 105	53 105	52 583	48 478
Contributions recognised - capital & Contributed assets	125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 500	—
Proceeds on disposal of PPE	—	—	—	—	200	—	—	—	—	—	—	—	200	200	200
Increase (decrease) in consumer deposits	42	42	42	42	42	42	42	42	42	42	42	42	505	540	578
Decrease (increase) other non-current receivables	2	2	2	2	2	2	2	2	2	2	2	2	24	24	24
Total Cash Receipts by Source	51 537	31 144	30 391	31 524	47 593	33 457	34 609	31 720	42 494	30 790	30 790	77 082	473 130	503 906	530 199
Cash Payments by Type															
Employee related costs	11 634	11 668	11 781	11 665	11 668	11 636	11 668	11 778	11 661	11 696	11 663	7 243	135 762	145 795	159 425
Remuneration of councillors	594	594	594	594	594	594	787	787	787	787	787	787	8 288	8 737	9 259
Finance charges	2	2	2	2	2	7 322	2	2	2	2	2	7 298	14 644	14 290	13 816
Bulk purchases - Electricity	—	20 282	14 507	12 442	9 980	9 963	8 258	10 245	11 793	8 234	9 940	21 953	137 597	150 231	162 362
Bulk purchases - Water & Sewer	—	2 887	2 065	1 771	1 421	1 418	1 176	1 458	1 679	1 172	1 415	3 125	19 588	22 639	26 977
Contracted services	335	335	335	335	335	335	335	335	335	335	335	225	3 916	4 242	4 589
Transfers and grants - other	174	174	174	174	174	174	174	174	174	174	174	174	2 083	2 115	2 133
Other expenditure	6 075	6 075	6 075	6 075	6 075	6 075	6 075	6 075	6 075	6 075	6 075	6 075	72 901	84 440	90 012
Cash Payments by Type	18 814	42 018	35 534	33 060	30 249	37 517	28 476	30 855	32 507	28 476	30 391	46 880	394 778	432 490	468 574
Other Cash Flows/Payments by Type															
Capital assets	4 439	4 211	4 671	5 933	6 183	8 936	10 423	5 966	7 658	7 402	7 708	7 545	81 074	68 210	63 339
Repayment of borrowing	—	—	—	—	—	1 876	—	—	—	—	—	1 876	3 752	4 094	4 518
Total Cash Payments by Type	23 253	46 229	40 206	38 992	36 432	48 329	38 899	36 821	40 165	35 878	38 099	56 301	479 604	504 794	536 431
NET INCREASE/(DECREASE) IN CASH HELD	28 284	(15 085)	(9 814)	(7 469)	11 161	(14 872)	(4 290)	(5 101)	2 329	(5 088)	(7 309)	20 781	(6 474)	(888)	(6 232)
Cash/cash equivalents at the month/year begin:	184 454	212 738	197 653	187 839	180 370	191 531	176 659	172 369	167 268	169 597	164 509	157 200	184 454	177 980	177 092
Cash/cash equivalents at the month/year end:	212 738	197 653	187 839	180 370	191 531	176 659	172 369	167 268	169 597	164 509	157 200	177 980	177 980	177 092	170 860

1.17 External Mechanisms

The following external mechanism is currently utilised at the municipality:

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Hein Baumgarden	Yrs	4	Highlands Refuse Dump: Recycling	None	1 495

1.18 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department

However, it is anticipated that the following revenue and expenditure will be incurred as a result of current contracts in place

Description	Preceding Years	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework			Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Total Contract Value
R thousand	Total	Original Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:													
Revenue Obligation By Contract													
Darling Club	0	0	0	0	0	0	0	0	0	0	0	0	0
Walters Groep	13	13	13	13	13	13	13	13	13	13	13	13	158
Commanage Sentrakalk	0	0	0	0	0	0	0	0	0	0	0	0	6
Total Operating Revenue Implication	14	14	14	14	14	14	14	14	14	14	14	14	164
Expenditure Obligation By Contract													
Sintell - Traffic fines	-	-	2 756	2 894	3 039	3 191	3 350	3 518	3 694	3 878	4 072	4 276	34 668
Belstow - Traffic fines	2 668	2 625	-	-	-	-	-	-	-	-	-	-	5 293
Refuse Removal (VS Mitchell)	297	330	407	440	475	513	554	598	646	698	754	814	6 526
Telephone systems	140	221	200	220	242	220	242	267	242	267	293	267	2 821
Cleaning Of public Spaces	700	721	772	810	851	919	992	1 072	1 158	1 250	1 350	1 458	12 053
Total Operating Expenditure Implication	1 137	1 272	1 379	1 470	1 568	1 652	1 789	1 937	2 046	2 215	2 397	2 539	21 401
Total Parent Expenditure Implication	1 137	1 272	1 379	1 470	1 568	1 652	1 789	1 937	2 046	2 215	2 397	2 539	21 401

1.19 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets and finally the depreciation per asset class.

Table 43 MBRR SA34a - Capital expenditure on new assets by asset class

Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on new assets by Asset Class/Sub-class						
Infrastructure	4 817	25 478	27 470	6 346	17 024	5 000
Infrastructure - Road transport	2 350	11 864	13 221	1 996	5 857	-
<i>Roads, Pavements & Bridges</i>	-	508	558	1 100	255	-
<i>Storm water</i>	2 350	11 356	12 663	896	5 602	-
Infrastructure - Electricity	-	5 000	5 000	4 250	6 000	5 000
<i>Transmission & Reticulation</i>	-	5 000	5 000	4 250	6 000	5 000
Infrastructure - Water	1 129	2 621	5 315	100	3 738	-
<i>Dams & Reservoirs</i>	179	-	2 695	100	3 738	-
<i>Reticulation Water</i>	949	2 621	2 621	-	-	-
Infrastructure - Sanitation	1 338	3 494	3 934	-	1 430	-
<i>Reticulation Sanitation</i>	1 338	3 494	3 934	-	1 430	-
Infrastructure - Other	-	2 500	-	-	-	-
<i>Waste Management</i>	-	2 500	-	-	-	-
Community	383	3 190	-	3 100	6 131	3 246
Sportsfields & stadia	383	-	-	-	3 131	3 246
Other Community	-	3 190	-	3 100	3 000	-
Investment properties	1 195	-	1 132	-	-	-
Housing development	1 195	-	1 132	-	-	-
Other assets	4 642	2 363	8 141	6 363	5 684	5 985
General vehicles	-	-	100	-	-	-
Specialised vehicles - Refuse	-	-	3 424	-	650	750
Plant & equipment	-	1 102	-	400	-	-
Computers - hardware/equipment	11	223	2 129	2 310	2 862	2 862
Furniture and other office equipment	2 490	238	1 388	1 463	1 373	1 574
Other Buildings	639	-	-	-	-	-
Other Land	1 278	-	-	1 250	-	-
Other -Other Assets	225	800	1 100	940	800	800
Total Capital Expenditure on new assets	11 037	31 031	36 743	15 808	28 839	14 231

Table 44 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on renewal of existing assets by Asset Class/Sub-class						
Infrastructure	66 164	46 944	50 769	58 019	32 745	37 688
Infrastructure - Road transport	11 305	7 650	8 400	9 877	15 929	16 392
<i>Roads, Pavements & Bridges</i>	10 405	7 000	7 750	9 377	15 179	15 492
<i>Storm water</i>	900	650	650	500	750	900
Infrastructure - Electricity	15 253	5 200	5 200	4 450	7 000	8 000
<i>Generation</i>	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	15 253	5 200	5 200	4 450	7 000	8 000
<i>Street Lighting</i>	-	-	-	-	-	-
Infrastructure - Water	8 845	2 750	2 750	2 738	5 906	7 750
<i>Dams & Reservoirs</i>	3 463	-	250	540	3 344	4 850
<i>Water purification</i>	-	250	-	-	-	-
<i>Reticulation Water</i>	5 381	2 500	2 500	2 198	2 562	2 900
Infrastructure - Sanitation	30 561	31 344	34 419	40 954	3 910	5 545
<i>Reticulation Sanitation</i>	30 561	-	34 169	40 954	3 910	5 545
<i>Sewerage purification</i>	-	31 344	250	-	-	-
Infrastructure - Other	200	-	-	-	-	-
<i>Waste Management</i>	200	-	-	-	-	-
Community	1 618	850	955	944	-	-
Sportsfields & stadia	688	850	955	600	-	-
Cemeteries	377	-	-	344	-	-
Other Community	553	-	-	-	-	-
Other assets	8 009	4 325	3 063	6 303	6 626	11 420
General vehicles	6 853	750	1 040	5 253	5 526	9 940
Specialised vehicles - Refuse	-	2 000	-	-	-	-
Plant & equipment	-	700	595	-	-	-
Computers - hardware/equipment	-	825	530	-	80	450
Furniture and other office equipment	-	50	50	-	-	-
Other Buildings	400	-	123	-	-	-
Other -Other Assets	756	-	725	1 050	1 020	1 030
Intangibles	-	330	-	-	-	-
Computers - software & programming	-	330	-	-	-	-
Total Capital Expenditure on renewal of existing assets	75 791	52 449	54 787	65 266	39 371	49 108

Renewal of Existing Assets as % of total capex	87.3%	62.8%	59.9%	80.5%	57.7%	77.5%
Renewal of Existing Assets as % of deprectn"	101.1%	70.8%	73.2%	85.2%	50.0%	57.9%

Table 45 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class						
Infrastructure	6 852	6 940	6 940	7 300	8 864	7 748
Infrastructure - Road transport	3 387	3 575	3 575	3 665	5 116	3 859
Roads, Pavements & Bridges	272	264	264	277	1 648	306
Storm water	3 115	3 311	3 311	3 388	3 469	3 554
Infrastructure - Electricity	1 051	1 053	1 053	1 199	1 259	1 322
Transmission & Reticulation	679	700	700	744	781	820
Street Lighting	372	353	353	455	478	502
Infrastructure - Water	827	1 043	1 043	976	979	982
Reticulation Water	827	1 043	1 043	976	979	982
Infrastructure - Sanitation	1 587	1 269	1 269	1 459	1 509	1 585
Reticulation Sanitation	1 587	1 269	1 269	1 459	1 509	1 585
Community	656	794	811	1 612	854	897
Sportsfields & stadia	276	374	374	393	413	433
Swimming pools	85	91	91	846	100	105
Libraries	–	21	21	–	–	–
Recreational facilities	166	197	197	207	217	228
Fire, safety & emergency	7	10	10	45	10	11
Security and policing	–	2	2	2	2	3
Cemeteries	96	75	75	79	83	87
Social rental housing	26	23	40	40	28	29
Other assets	8 159	9 970	10 781	11 296	11 761	12 355
General vehicles	2 073	3 707	3 707	4 061	3 535	3 734
Specialised vehicles	3 453	3 496	3 882	4 171	4 481	4 815
Plant & equipment	566	352	777	855	909	924
Furniture and other office equipment	374	455	455	610	660	714
Other Buildings	1 692	1 960	1 960	1 600	2 014	1 768
Other -Other Assets	–	–	–	–	163	400
Total Repairs and Maintenance Expenditure	15 667	17 704	18 531	20 208	21 479	21 000
Specialised vehicles	3 453	3 496	3 882	4 171	4 481	4 815
Refuse	3 453	3 496	3 882	4 171	4 481	4 815
R&M as a % of PPE	0.9%	1.0%	1.1%	1.1%	1.2%	1.2%
R&M as % Operating Expenditure	3.8%	3.8%	3.8%	4.1%	4.0%	3.6%

Table 46 MBRR SA34d - Depreciation by asset class

Description R thousand	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Depreciation by Asset Class/Sub-class						
Infrastructure	56 593	62 591	60 382	61 102	62 824	67 856
Infrastructure - Road transport	25 015	27 677	27 913	27 510	28 610	30 055
Roads, Pavements & Bridges	25 015	27 677	27 873	27 460	28 556	29 986
Storm water	—	—	41	50	54	69
Infrastructure - Electricity	11 402	12 129	11 283	11 596	11 958	12 443
Transmission & Reticulation	11 402	12 129	11 282	11 592	11 944	12 429
Street Lighting	—	—	1	4	14	14
Infrastructure - Water	10 491	10 399	9 918	10 297	10 552	11 056
Dams & Reservoirs	2 547	1 779	1 686	1 625	1 676	1 802
Water purification	—	—	47	52	69	88
Reticulation	7 944	8 620	8 185	8 620	8 806	9 166
Infrastructure - Sanitation	9 147	10 236	10 883	11 390	11 391	13 968
Reticulation	9 147	10 236	9 678	10 186	10 186	10 216
Sewerage purification	—	—	1 205	1 205	1 205	3 752
Infrastructure - Other	538	2 150	385	309	314	334
Waste Management	538	2 150	287	287	293	313
Other	—	—	98	22	21	21
Community	2 769	3 113	4 168	4 474	4 493	4 546
Parks & gardens	118	50	83	49	49	49
Sportsfields & stadia	2 529	626	946	1 024	1 081	1 081
Swimming pools	—	—	33	33	33	33
Community halls	—	1 874	790	790	790	790
Libraries	—	562	383	383	383	383
Recreational facilities	—	—	529	529	529	541
Fire, safety & emergency	—	—	139	139	139	139
Security and policing	—	—	677	710	616	615
Clinics	—	—	489	489	489	489
Museums & Art Galleries	—	—	40	38	34	34
Cemeteries	122	—	24	26	34	34
Social rental housing	—	—	13	13	13	13
Other	—	—	22	251	305	345
Heritage assets	—	18	—	—	—	—
Buildings	—	18	—	—	—	—
Investment properties	1 618	36	365	353	343	343
Housing development	—	—	365	353	343	343
Other	1 618	36	—	—	—	—
Other assets	13 896	8 319	9 773	10 556	10 948	11 889
General vehicles	2 204	1 771	2 717	2 918	2 911	3 691
Specialised vehicles	1 022	536	1 166	1 191	1 180	1 322
Plant & equipment	—	—	2 084	2 310	2 491	2 455
Computers - hardware/equipment	1 167	609	273	456	539	662
Furniture and other office equipment	2 739	1 216	1 263	1 387	1 440	1 327
Civic Land and Buildings	—	—	1 492	1 492	1 492	1 492
Other Buildings	6 657	3 921	740	766	859	904
Other Land	21	1	27	27	27	27
Surplus Assets - (Investment or Inventory)	—	26	—	—	—	—
Other	86	240	10	10	10	10
Intangibles	118	28	139	159	169	175
Computers - software & programming	118	28	139	159	169	175
Total Depreciation	74 993	74 104	74 826	76 645	78 777	84 808
Specialised vehicles	—	536	1 166	1 191	1 180	1 322
Refuse	—	425	1 134	1 158	1 147	1 289
Fire	—	111	33	33	33	33

Table 47 MBRR SA35 - Future financial implications of the capital budget

No future implications identified on the capital budget beyond the MTREF period.

Table 48 MBRR SA36 - Detailed capital budget per municipal vote

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.

1.20 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed 4 interns undergoing training in various divisions of the Financial Services Department. Two interns are permanently based in the Budget office to help build capacity. During the past year one intern has been absorbed by the municipality and is permanently employed in the budget office.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document will be finalised after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing. Most of the employees and interns were graduated on the 6th of December 2013
8. Policies
An amendment of the Municipal Property Rates, Tariff policy and Credit Control policy. The following by-laws were advertised for public comments and will also be tabled for draft approval by council. By-law i.r.o Fire safety, Electricity supply, Roads and Streets, Storm water management and Public Amenities.

1.21 Other supporting documents

All other supporting schedules are available on request and will also be placed on the website within 5 days after the approval of the budget.



1.22 Manager's quality certificate

I, Municipal Manager of Swartland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: _____

Municipal Manager of Swartland Municipality

Signature: _____

Date: _____